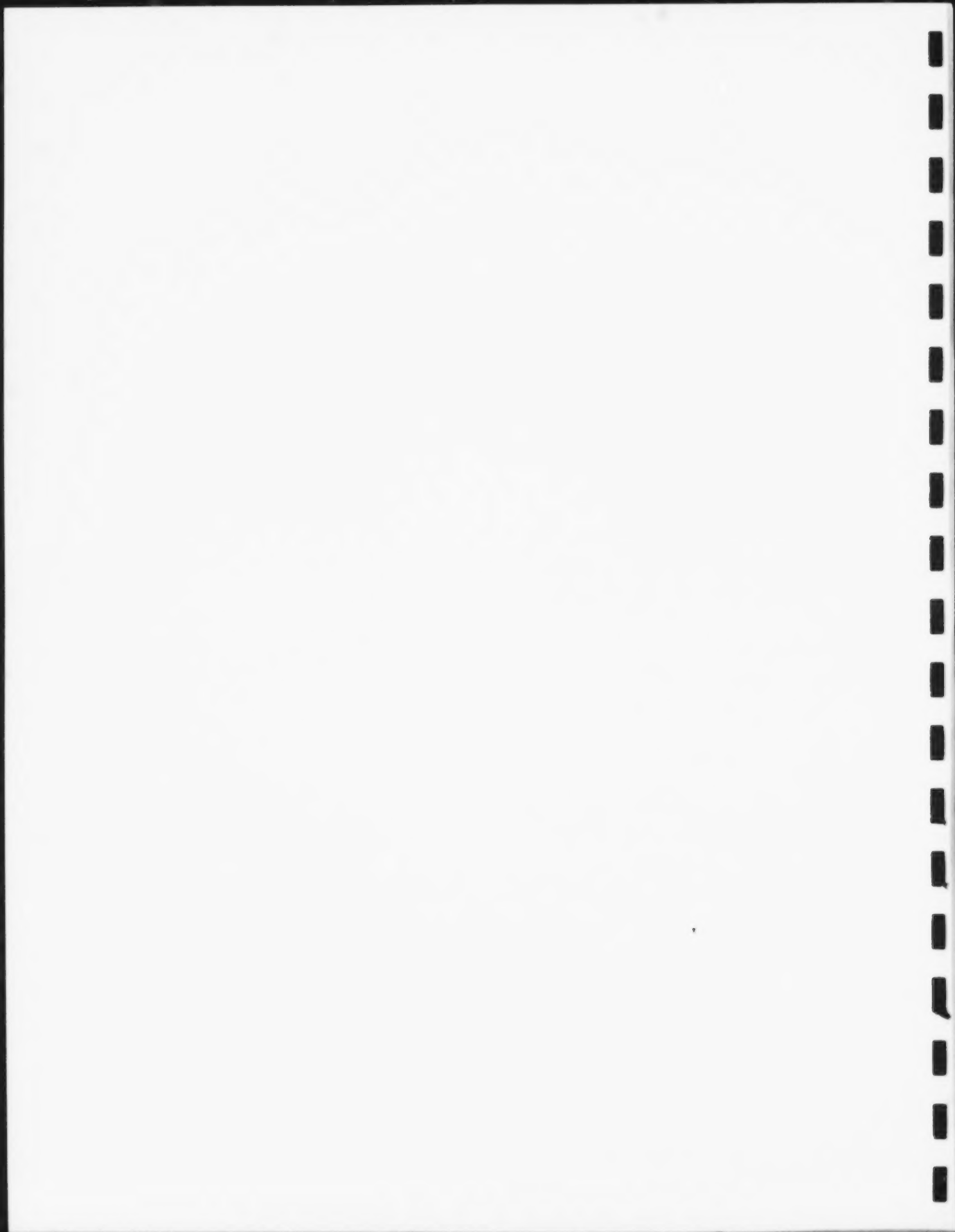




Forest Process Streamlining Task Force

Final Report May 19, 2006



2007-01767/

May 19, 2006

Charlie Lauer, Steering Committee Chair
Forest Process Streamlining Task Force
Ministry of Natural Resources
Suite 221A, Ontario Government Bldg.
435 James Street South
THUNDER BAY, ON P7E 6S8

Dear Charlie:

SUBJECT: Forest Process Streamlining Task Force Final Report

In December 2005, you appointed the undersigned to serve on the Forest Process Streamlining Task Force. The purpose of the Task Force was to make recommendations for improvements to areas of unnecessary delays and impediments in approval processes related to forest guidelines, regulations and policies affecting the forest sector.

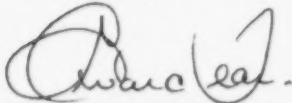
The approach taken by the Task Force was very much field-oriented, with the input coming predominantly from MNR District and Sustainable Forest Licence staff. Based on the volume and consistency of input from the MNR and forest industry staff, it became obvious that process streamlining was an imperative for the MNR field organization as well as the forest industry.

Despite the volume and diversity of input, the Task Force was able to discuss most of the material received and was able to develop an approach to process streamlining, as well as a fairly comprehensive set of recommendations and best practices. It also became clear to the Task Force that additional opportunity for process streamlining will become apparent as the application of the Process Streamlining Test and Working Principles become engrained in MNR and forest industry culture.

Our recommendations are attached hereto in the Forest Process Streamlining Task Force – Final Report, May 19, 2006.

The Task Force members remain committed and available to support the interpretation and implementation of our recommendations.

Sincerely,

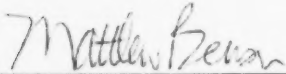


Ed Tear, Project Lead
Forest Process Streamlining Task Force

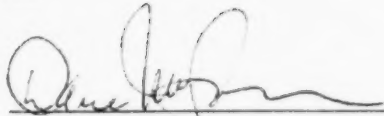
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Encls.



Forest Process Streamlining Task Force



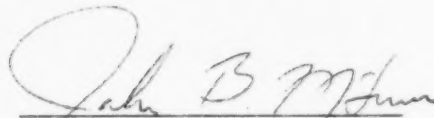
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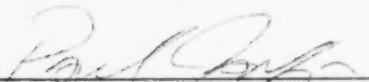
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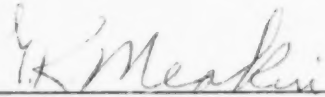
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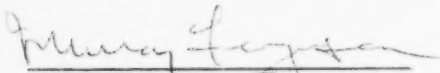
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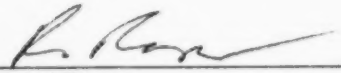
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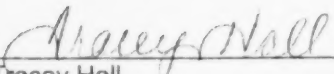
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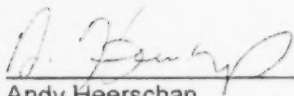
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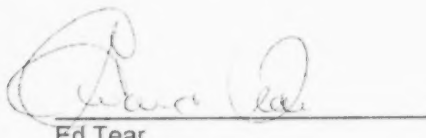
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PREFACE

Recently, the Minister of Natural Resources made a series of announcements with regard to government relief for the forest industry from specific forest program costs. The funding changes are important and are very much welcomed, since they represent a long-awaited readjustment to the inherent costs that must be apportioned when managing the public forest estate. The financial relief from these announcements will move the forest industry's delivered wood cost to the mill closer to those incurred in other jurisdictions. This is the first key component in achieving a more competitive industry in Ontario.

However, the redistribution of costs between the forest industry and the government does not imply any reduction in the total cost of the forest program, nor are there any guarantees that the gains secured through the Minister's announcements won't be eroded by inefficient process and regulatory creep. These fundamental challenges remain, and must be addressed by re-examining legislative and policy requirements, streamlining process and changing the approach of government and industry staff to the administration of the forest program. This is the "**Team Ontario**" approach put forward by the Minister's Council: the next key component to making the forest industry more competitive.

This report contains the results of the deliberations of the Process Streamlining Task Force and is based on the input of all Ministry of Natural Resources (MNR) Districts and Sustainable License Holders across the province. The report includes detailed recommendations that will contribute to achieving a more effective and cost-efficient forest program. However, the document is not all-encompassing and does not attempt to provide recommendations for addressing every streamlining opportunity identified in the 1000+ comments submitted from across the province. With the sanction of the forest program leadership, the Task Force is requesting that the tools required to address the numerous remaining streamlining opportunities be given back to MNR and SFL field staff in response to their submitted input. For this reason, the Task Force is strongly recommending that their **Process Streamlining Test (PST)** become permanently enshrined in all aspects and all administrative levels of the forest program in Ontario. This tool promises to be simple, yet effective, and, if utilized when a forest program requirement is being considered (i.e. procedure, policy, approval), will result in the rationalized direction that is being demanded by our field level staff.

The **PST** is comprised of the following four questions that must be asked about each proposed requirement:

- 1) What is the **objective** of the requirement (i.e. procedure, policy approval)?
- 2) Is the requirement **necessary** to meet the objective?
- 3) Is the requirement as **simple, cost-effective and efficient** as it can be?
- 4) What **alternative or change** will lead to a positive response to the points above?

*The Task Force is unanimous in its agreement that once the **Process Streamlining Test** is introduced the value will become apparent to staff, and the concept will be incorporated into the culture of both the MNR and forest industry.*

1.0 INTRODUCTION

In November, 2004, Hon. David Ramsay, Minister of Natural Resources, appointed the Minister's Council on Forest Sector Competitiveness to bring together industry, labour, communities, First Nations and government to develop recommendations to ensure a secure future for the forest products industry, workers and communities.

The final Report was submitted on May 27th, 2005 and contained twenty-six recommendations including "that a Processing Streamlining Task Force be appointed to review guidelines, regulations and policies affecting the forest sector." In December, 2005 the Terms of Reference (Appendix 1) were approved, a joint Industry/MNR Forest Process Streamlining Task Force was established, and the process was initiated.

The approach was very much field-oriented. Joint industry/MNR meetings were held in each MNR District with the purpose of identifying process-related issues, generating ideas for improvement and to identify best practices. These meetings resulted in excess of 1,000 individual comments with numerous common points, themes or underlying **Working Principles**. The reports generated by the field were to be reviewed by the Task Force with the intent of consolidating the information into one report. It is understood that any recommendations as a result of this exercise, which may require regulatory changes, will have to be reviewed by staff from MNR's Legal Services Branch.

The Forest Process Streamlining Task Force met on two separate occasions in February and March, 2006, as well as staying connected by E-mail, and phone. Any initial apprehension by members regarding the likelihood of success for this streamlining initiative was dispelled once the quality of the provincial input, and the overall tone in which the field-level suggestions were presented became apparent. Frustration with process-generated work was expected and expressed by many individuals; however, there was very little animosity or finger-pointing between government and industry staff. The collective message gleaned from the input was best summed up when a Task Force member stated that "It's clear that there are no bad guys here!" This message, in turn, set the tone for the Task Force's deliberations.

Despite the volume and diversity of input from the field, the Task Force was able to discuss most of the material received and was able to develop an approach to process streamlining as well as a fairly comprehensive set of recommendations and best practices. However, the Task Force stresses that the set of recommendations provided should not be considered as all-inclusive. It is clear to the Task Force that additional opportunity for process streamlining will become apparent as application of the **Process Streamlining Test** and **Working Principles** become engrained in MNR and forest industry culture.

The Task Force recognizes that there are a number of ongoing initiatives which relate to one or more of the recommendations included in this report. Those initiatives include the Forest Information Manual revision (FIM v2), Forest Management Guide revision, Forest Resource Inventory Strategy, Forest Management Planning Efficiency, review of the

Independent Forest Audit Protocol, Water Crossing Protocol review, and Forest Access Roads Manual revision. Recommendations included in this report are intended to emphasize that the **Process Streamlining Test** and **Working Principles** should be included in these initiatives in particular, and in any initiatives introduced subsequent to this report.

This report should be considered as a Forest Process Streamlining Task Force Final Report as well as the start of a continuous improvement process.

2.0 THEMES

The Process Streamlining Task Force's approach to reviewing and assessing the 1000* comments received from across the province was to categorize the input by forest management activity. During the review a number of recurring issues began to emerge across all categories and administrative levels of the forest program in Ontario. These common themes identified potential areas for both MNR and the forest industry to realize substantive reductions in process and associated costs.

It was generally accepted that streamlining of process will result in positive benefits and reduced costs in a number of ways, including:

1. Reduced time and resources devoted to satisfying process requirements;
2. Avoidance of operational delays - costs associated with people and equipment unable to work due to process delays or forced to incur costs to move to other locations in order that work may proceed;
3. Additional staff time available to both MNR and forest industry to devote to more productive work which may in turn improve efficiency and reduce cost.

While the benefits of reduced time spent in satisfying process are perhaps more easily quantified, it is anticipated that avoidance of operational delays and the opportunity for staff to devote more time and effort to "non-process" work will result in the most significant improvements to efficiencies and reductions in costs.

1. Combine/Reduce Processes

The input received from the MNR and SFL staff across the province sent an undeniable message that they are drowning in process at all levels of the forest program. It is clear that our people are telling us to make changes to move them away from the administration of process to where they can focus their expertise on forest program activities. The following is a sampling of the ideas that the Task Force received:

- Combine MNR and third-party audit processes.
- Change or eliminate the AWS and replace with information products.
- Reduce or eliminate the multiple annual administrative approvals required to carry out activities that were planned and approved through a five-stage public consultation process over 36-42 month FMP development period.

2. Rationalization of Existing Guidelines and Manuals

The following are examples of the input that needs to be considered in the current initiative to combine all forest management guidelines into five documents:

- The requirements of the various documents are often contradictory.
- Regional/main office direction over-rides a District interpretation leading to a "guideline" becoming "policy"; an inherent contradiction.

- The new Forest Management Planning Manual 2004 (FMPM) requires more process and is more costly, not less, as put forward by MNR.

3. Timelines for Approvals

Timelines for approvals emerged as a recurring issue from the forest industry. In the day-to-day business of forest operations the requirement for equipment to sit idle waiting for an approval costs substantial amounts of money. The Minister's Council also identified this issue for consideration. The following list of identified processes demonstrates how this theme runs across many categories and up through all levels of the forest program:

- Harvest approvals, authorizations to haul unscaled wood.
- AWS revisions.
- Regional Engineer approvals for bridges.
- Water crossing/fisheries reviews.

4. Re-design the Forest Program to Recognize the Good Performers

A fundamental change to the existing model of developing and implementing forest process is required in Ontario. The model demands an exorbitant commitment of staff time and cost that a SFL must absorb and precludes any opportunities for relief. In short, the system has been designed to address all eventualities (the lowest common denominator approach) and does not recognize the good performers in the forest program provincially. The Task Force foresees a system that is designed to acknowledge excellence by reserving additional process requirements for those that do not meet standards.

5. Success Should be Measured by Results and not Adherence to Process

Input from the field includes calls for the results to be considered as the principal measure of success in the forest program rather than the adherence to process. Examples where an independent forest audit team cited very good results in their field observations but were highly critical of adherence to process, leading to negative audit recommendations, are indicative of this problem.

6. Communication Between MNR and the SFL

A trend has been identified that shows when deliberate efforts are made by the District and SFL to foster an atmosphere of open communication between their employees, efficiencies and effectiveness is maximized and process requirements and associated wood costs are reduced.

7. Delegation of Authority

The ability to streamline process could be substantially improved with further delegation of authority. This theme has a direct link to the Timelines for Approvals theme. In addition to the increased efficiency of expedited approvals, the Task Force members are

convinced that allowing local staff to make decisions will lead to better forest program results.

8. Onus on the Professional

The forest industry and MNR employ many highly-trained individuals from professions that are self-regulating and accountable. Recent legislation such as the Professional Forester's Act is an example of this change, and the Task Force strongly puts forward the position that these individuals must be afforded the latitude to make professional decisions. The province-wide input includes numerous examples where professionals are not given the authority and accountability that should be their due.

9. Integration of Technology into the Forest Management Program

Integration of the most recent technology is viewed as critical for the future competitiveness of the forest industry. Benefits include rapid information exchange and flexibility in adapting to future change. The following are examples of where this concept could be applied for benefit:

- Electronic submission for MNR review and approval of activities.
- Utilization of the most recent technology for the production of the FRI.
- Automation enhancement of certain components of the Tenure and Measurement system.

10. Poor Information is Costly

There were numerous comments submitted implying that the threshold for absorbing the costs generated from poor information has been exceeded. The following is a sample of the some of the comments on information products that require action:

- The methodology for identifying potential cultural sites is ineffective.
- A current FRI is needed to effectively carry out our business.
- Inaccurate values information leads to amendments and associated costs.

11. Assessment of Fees for Forest Management Activities

The practice of exacting fees for forest management activities such as wood storage yards and Crown dues for road corduroy has been identified and should be reviewed.

12. Effective Monitoring, Compliance and Enforcement

Many field submissions identified a disconnect between reporting on compliance and enforcement process requirements and reporting on actual field conditions. Most felt compliance to the inspection and reporting processes had become more important than the quality of the forest operations. There was also a consistent identification of a lack of appropriate monitoring since the focus is on compliance to a document or sometimes arbitrary standard with little or no regard to effectiveness of the planned activity. Field

staff believe the compliance system focuses on process rather than effectiveness, and therefore, has often led to enforcement of the unimportant.

3.0 DRIVING/MANAGING PROCESS STREAMLINING

As the Task Force started to compile input from our field organizations, a number of nagging questions kept coming to the surface:

- Is this just another attempt to streamline processes that ends up on a shelf?
- Will all of the recommendations be acted upon or "cherry picked"?
- Who will provide interpretation of the issues identified by the field and the recommendations developed by this Task Force?
- How can we address all those initiatives which are ongoing and those issues that were not adequately addressed or missed?
- How will success be measured?
- How can we ensure that any positive change as a result of this exercise is not stripped away through process creep?

It was very clear to the Task Force that there was an urgent need for process streamlining which would lead to a significant and lasting saving of both time and money for both industry and government. We were unanimous in the belief that no one specific change will accomplish the cost/benefits we are all looking for, but what is needed is a real change in our corporate cultures.

We must recognize that industry and government have a wealth of competent staff and we must promote a culture which does not suppress their creativity and innovation with unnecessary process. The sentiments of our field organizations are best summed up in the words of Sir Winston Churchill who once said *"Give us the tools and we will finish the job"*.

To this end, the Task Force developed a **Process Streamlining Test (PST)** which can be applied to just about any process-related issue or barrier so that both the cause and potential solution(s) become more evident. In addition, a set of **Working Principles** was developed which, if embraced, should lead to long-term effective process streamlining and improved front line approval processes. The Task Force recognizes that some solutions can be implemented quickly while others will require a significant effort, and (in some cases), require the courage to implement.

3.1 *Process Streamlining Test (PST)*

The Task Force believes that a simple **Process Streamlining Test**, comprised of 4 questions, can lead to a clearer understanding of the issue as well as potential solutions. The Test can be applied to complex issues or subject areas like the Forest Management Planning Manual, as well as any of its components, such as Silvicultural Ground Rules. It was found the Test will work best if it is applied with field practitioners (forest industry and MNR field) present:

Process Streamlining Test (PST)

1. What is the objective of the requirement (i.e. procedure, policy, approval)?
2. Is the requirement necessary to meet the objective?
3. Is the requirement as simple, cost-effective and efficient as it can be?
4. What alternative or change will lead to a positive response to the points above?

When the Task Force applied the **PST** to issues and barriers identified by our field organizations we found that it helped us to focus and put us in a better frame of mind to determine if there really was an issue, and if so, what the appropriate solution(s) might be. In some cases we determined that we did not have sufficient expertise at our table to fully develop a recommendation but we could lay the groundwork out for the technical experts to build on.

We found that a negative response to the Question #2 often led us to a recommendation that the requirement was unnecessary and, therefore, should be eliminated.

We also discovered that a negative response to Question #3 led us to a more fulsome discussion of the primary objective, requirements and alternatives.

The Task Force recognizes the need for government regulation and policy to balance the various uses and protect multiple values in the Province's Crown forest. It also recognizes that there will be instances where government and industry disagree on specifics. By applying the **PST**, the Task Force believes that everyone will have a better understanding of each other's needs and interests and that all options will have been examined.

3.2 Working Principles

Interpretation of one of the resource stewardship principles, as described in MNR strategic direction entitled "*Our Sustainable Future*", appears to be the root cause of significant concern and cost to the forest industry. That resource stewardship principle reads:

"As our understanding of the way the natural world works and how our actions affect it is often incomplete, MNR staff should exercise caution and special concern for natural values in the face of uncertainty".

While the forest industry recognizes the need for caution in the face of uncertainty, it is the degree to which caution is exercised which is of concern. **Exercising caution should not be construed as the total elimination of risk but rather a careful**

examination of risks and benefits as well as opportunities for innovative approaches.

The forest industry members of the Task Force consistently reiterated their support for all of the Resource Stewardship Principles, including but not limited to:

- Recognizing the finite capacity of our natural systems;
- The need for participation in resource management by all those who share an interest;
- The use of scientific and technological knowledge to support sustainable development of natural resources; and
- An ecosystem approach to managing our natural resources which enables a holistic perspective of social, economic and ecological aspects and provides the context for integrated resource management.

The concern and cost (time delays, cost to gather data and cost to monitor) to the forest industry stems from the common interpretation and application of the precautionary principle by MNR staff. The Forest Process Streamlining Task Force felt that there were a number of valuable **Working Principles** that were either stated or implied in the field submissions that will help us move forward with effective process streamlining and improved front line approval processes which will not detract from our mission of ecological sustainability or our vision of sustainable development. The proposed **Working Principles** (as identified below and further described in Appendix 2) should minimize what is believed to be a significant imbalance between ecological, social and economic values when the precautionary principle is applied:

Working Principles:

**Foster Strong Working Relationships
Recognize Professionalism of Our Staff
Embrace Risk Tolerance
Focus On Results
Reward Good Performance
Courage to Manage
Continuous Improvement
Use of Technology**

3.3 Process Streamlining – The Primary Recommendation

Members of the Forest Process Streamlining Task Force fully endorse the position stated by the Minister's Council in that it "...does not dispute the need for government regulation and policy to balance the various uses and protect multiple values in the Province's Crown forest." The needs of the forest sector and the field level organization of MNR are:

- A mechanism to safeguard against the requirement to include additional information (i.e. information that is not legally required) which is not only costly but often creates the likelihood for consequential amendments to FMPs or revisions to AWSs or to compliance issues.
- A mechanism to safeguard against the introduction of new processes or information requirements which become entrenched in policy, guidelines and manuals but really do not serve any purpose related to sustainability or cause duplication of effort. If left unchecked, costs and effort can escalate over a relatively short time span.
- Improved communications and regular interaction which should lead to reduced conflict, reduced costs and better forest management strategies and practices.

RECOMMENDATION #1:

Process Streamlining becomes regular business for both MNR and the forest industry.

This recommendation can be accomplished by:

- MNR and the forest industry clearly articulating their endorsement of the **Process Streamlining Test** and **Working Principles** to their field staff. For MNR this can be done through its training venues (e.g. Forest Management Planning training modules) and through District and Regional Leadership meetings;
- MNR District, industry and SFL holders establishing clear lines of communication and meeting on a regular basis. There is little or no cost to implement at a local level with immediate results. No change in legislation or regulation is required;
- The recommendations and outstanding issues contained in this report being sent to teams of industry and MNR experts to fine-tune;
- A person or team being established to act as a link between our Forest Program Specialists and our Field Experts. This person or team should:
 - Develop an implementation plan;
 - Retain a strong field focus;
 - Make presentations to the field on Process Streamlining;
 - On an annual or semi-annual basis:
 - Review accomplishments and progress;
 - Identify additional or new impediments, barriers and efficiencies in a manner similar to the one used in developing this report.

Timelines:

Implementation can be immediate upon approval of the recommendation.

Legal Framework:

There is no change in legislation.

Benefits:

Some benefits have already started to accrue and can be expected to increase over the short-term. Cost to implement will be minimal and involve mostly committee work.

DETAILED RECOMMENDATIONS:

While the Process Streamlining Task Force has identified a Primary Recommendation, a number of specific and detailed recommendations have also been identified. As noted, these detailed recommendations result from the synthesis of the collective input to the Task Force from MNR Districts, SFL holders and industry across the province. It is the expectation of the Task Force that MNR, working cooperatively with the forest industry, will address each of the detailed recommendations contained in this report.

4.0 CLOSING THE COMPETITIVE GAP - RECOMMENDATIONS

This section addresses the key barriers to efficiency for both the forest industry and MNR which result in unnecessary costs due to administrative red tape and delays in approval processes. In addition to a series of recommendations, the Task Force has identified a number of best practices.

The sub-sections which follow deal with the following broad categories:

- 4.1 Forest Management Planning and Information
- 4.2 Licensing/Approvals/Authorities/Permits
- 4.3 Forest Operations, Silviculture and Compliance
- 4.4 Crown Revenues
- 4.5 Independent Forest Audits/Certification
- 4.6 Training
- 4.7 Other

4.1 Forest Management Planning and Information

The Crown Forest Sustainability Act (CFSA) requires the provision of four manuals to guide the various aspects of forest management planning in Ontario. The four manuals developed by the MNR, in collaboration with non-government organizations, are:

1. The Forest Management Planning Manual (1996, 2004);
2. The Forest Information Manual (2001, under review);
3. The Forest Operations and Silviculture Manual (1995, 2000); and
4. The Scaling Manual (1995, 2000).

The Process Streamlining Task Force strongly supports the need for sound Forest Management Plans which are certified by a Registered Professional Forester (RPF). The Task Force also strongly supports the maintenance of quality records and information. What is of concern is that through the numerous reviews and improvement initiatives, the increased expectations and workload have become too onerous and have evolved beyond the Environmental Assessment Terms and Conditions.

4.1.1 Forest Management Planning Manual

As noted above, the Forest Management Planning Manual is one of four regulated manuals.

4.1.1.1 Forest Management Planning Manual – Review

Background:

The original Forest Management Planning Manual (FMPM, September 1996) was prepared using the then-existing Timber Management Planning Manual as a base and incorporating all of the Terms and Conditions of the Class Environmental Assessment for Timber Management on Crown Lands in Ontario.

Since 1996, there have been numerous reviews and improvement initiatives to the Manual. A complete re-write of the Manual (June 2004) has not significantly decreased expectations, workload, nor process requirements. Based on initial responses from 2007 FMP teams, the new manual requires increased planning time and effort. Anticipated savings are well into the future and are based on reduced costs associated with Phase II planning for the second five year term, which will not be achieved if early plan renewal is required. Comments from the field (MNR & industry) indicate the new manual requirements are onerous (given current staffing and funding levels) and in many cases expectations have evolved beyond the EA Terms and Conditions. When forest management and/or sustainability benefits of the new requirements are assessed by field practitioners, they are not widely viewed as value-added.

RECOMMENDATION #2:

An immediate opportunity must be made available for MNR and industry field staff (including representatives from 2007 FMP Planning Teams) to review the new manual and apply the Process Streamlining Test. The intent is to reduce the prescriptive nature of the manual and streamline processes, including items such as (NOTE: Some items are addressed within this report):

- **Creating generic planning templates, where practical, for items such as for objectives and AOC documentation;**
- **Simplifying existing planning templates for terms of reference;**
- **Simplifying public notice requirements;**
- **Allowing flexibility to tailor consultation timelines and products to fit local needs;**
- **Adjusting recommended FMP timelines and addressing the imbalance of time spent on strategic direction vs. operational planning;**
- **Creating specific recommendations regarding strategic direction, and FMP planning structure;**
- **Simplifying and reducing the requirements for SGRs, FOPs, and plan background information;**
- **Simplifying the socio-economic description requirements** (particularly since the 2004 FMPM has dropped the requirement for the use of a socio-economic impact model, except where wood supply and renewal investment differences between plans exceed 5%, the use of a model is recommended to show the impact of reduced/increased wood supply and/or investment).
- **Identifying and evaluating all non-EA condition planning requirements; and**

- **Reviewing the use of the forest management planning process to deal with subjects more properly addressed in land use planning or resource management planning for other MNR programs.**

Timelines:

- An immediate FMPM review must be completed in the short-to-medium term;
- Implementing changes as a result of such a review could be done in the short-to-medium term, if the changes are to interpretation only. If the changes are to FMPM content, they potentially could be made for 2011 FMPs (a peak plan year of 15 plans based on current MUs). After that, future training could address any savings that might be introduced for Phase II planning (i.e. second five years) and any early renewal plans.

Legal Framework:

Changes to the FMPM content will require public consultation and EBR posting.

Benefits:

Reduced and/or streamlined processes will result in time and cost savings in planning and reduced burden on planning staff.

4.1.1.2 Forest Management Planning Manual – Requirements

Background:

There have been occasions where requirements above and beyond the requirements of the Forest Management Planning Manual have been included in Forest Management Plans (FMPs) to address a specific situation. Subsequent plans for the same SFL and other FMPs within a District or Region may build upon this requirement even though the situation which resulted in the original requirement may have been addressed or may not be applicable elsewhere. It is not uncommon for regional planning staff to exact pressure on District planning teams to include non-FMPM requirements based on precedents set in other District. Additionally, although the requirements of the 2004 Forest Management Planning Manual have changed from the 1996 Forest Management Manual, there may be a tendency for elements of the 1996 Manual to be brought forward even though they are no longer requirements.

For example, the format for silvicultural ground rules in the 1996 Forest Management Planning Manual resulted in a document that frequently exceeded 500 pages in length. Preparation of such a document is extremely onerous and of questionable value, particularly when all silvicultural activities are described in the Silvicultural Guidelines. New requirements for silvicultural ground rules under the 2004 Forest Management Planning Manual facilitate ground rules to be addressed in approximately one page per forest unit. Preparation of silvicultural ground rules in this simplified format will represent significant savings in time and cost. Caution must be exercised to ensure that planning

teams follow the new requirements and not duplicate the effort required under the 1996 manual.

RECOMMENDATION #3:

The requirements of the Forest Management Planning Manual must be made clear by the District Manager or Steering Committee to both SFL holders and MNR staff. Any requirements beyond that identified in the Forest Management Planning Manual should be on an exceptional basis and must be clearly identified along with a clear rationale for such requirement, and documented in the Terms of Reference or as part of the FMP Plan Summary or Appendix.

Timelines:

Can be implemented immediately on any FMP under development.

Legal Framework:

No changes to the FMPM are required.

Benefits:

Reduced and/or streamlined processes and requirements will result in time and cost savings in planning and reduced burden on planning staff.

4.1.2 Forest Management Plan

The Crown Forest Sustainability Act (CFSA) 1994, requires that Forest Management Plans are prepared for every Management Unit. The CFSA also states that a Forest Management Plan (FMP) must be done in accordance with the Forest Management Planning Manual.

Over the past 10 years, FMPs that have been successfully prepared and approved on time have tended to share a number of characteristics, including:

- Open, two-way communications both on the planning team and generally between the MNR and the SFL company;
- Strong leadership by local managers, who take ownership of the planning process;
- Small, accountable planning teams;
- Timely participation by plan advisors, support staff and reviewers;
- A structure that supports the needs of the planning team and allows for timely resolution of issues.

4.1.2.1 Forest Management Plan – Terms of Reference

Background:

Despite changes in the 2004 Forest Management Planning Manual (FMPM), the requirements for FMP Terms of Reference have remained similar and current Terms of Reference continue to be in the range of 50+ pages. Some people believe the Terms of Reference should be viewed as a contract that binds all parties to live up to their FMP planning commitments. This view has not proven to be particularly effective and may be part of the reason why Terms of Reference have grown to 50+ pages.

The 2004 FMPM has prescribed changes to the planning structure (effective for 2007 plans), which includes:

- Larger planning teams with the inclusion of representatives of each Aboriginal Community in/or adjacent to a Management Unit;
- An option for the District Manager to establish a Steering Committee; and
- A more flexible option for the District Manager to name the Planning Team Chair.

MNR direction for 2007 FMPs and beyond mandates MNR Managers to establish Steering Committees on all FMPs and directs the use of a Project Manager to help manage each FMP planning process. The MNR requirement for a Project Manager and mandated Steering Committee originated with the Therriault/Bros Report, which indicated that Planning Teams that had good support, communication and leadership from their local managers were getting their FMPs done on time. Strong leadership from the local managers appears to be the key and placing emphasis on a Project Manager position and a Steering Committee will not necessarily address past concerns. Already the role of the Project Manager has become intertwined with, what were once, the roles of the Plan Author and Chair of the Planning Team. As a result, the lines of accountability have become blurred.

The Terms of Reference sets out the planning schedule and assigns responsibilities for specific FMP components. The Terms of Reference must be maintained throughout the planning process as per the 2004 FMPM direction. The Terms of Reference are a valuable tool, if its preparation and maintenance is efficient and if the product is brief enough that planning teams will regularly refer to it during the planning process.

RECOMMENDATION #4:

The provincial template for the Terms of Reference should be reviewed and the Process Streamlining Test applied. The intent is to reduce the amount of text, by eliminating unnecessary sections (Cost of Plan Components); reducing detailed descriptions which are found elsewhere (such as in the FMPM) and reducing the overly detailed description of the roles & responsibilities of planning team members, support staff, advisors and reviewers.

BEST PRACTICES:

- Preparation of the Terms of Reference should be a collaborative process.
- The Terms of Reference should be prepared and maintained in an efficient time frame, using a provincial template.
- The Terms of Reference should be viewed as a summarized work plan to assist the Planning Team rather than a contract to deliver a process.
- The Planning Team Chair or Project Manager should be responsible to continually ensure the Terms of Reference is followed and that the planning schedule and responsibilities agreed to are adhered to.
- The Terms of Reference should be maintained as a living document and immediately updated to document changes in the planning schedule and responsibilities.
- The responsibilities of the Planning Team Chair(s), a Project Manager and the Plan Author must be clearly understood and documented in the Terms of Reference in order to avoid duplication, minimize administration and implement as efficient a model as possible.

Timelines:

Modification of the template should be undertaken for those Forest Management Plans to be initiated for 2009.

Legal Framework:

Change to the Forest Management Planning Manual (2004) is required.

Benefits:

Reduced time and effort by the planning team, which can be redirected to other components of the forest management planning process.

4.1.2.2 Forest Management Plan - Strategic Direction

Background:

Planning teams work closely with plan advisors particularly during the development of the strategic direction component of an FMP. In some cases, the planning process seems more driven by the perceived needs of some advisors rather than the practical, local needs of the planning team.

All Management Units have approved Forest Management Plans. These plans contain strategic direction, which should not change significantly one plan to the next.

BEST PRACTICES:

Strategic direction should not change significantly one plan to the next. All acceptable components of strategic direction should be brought forward into planning process for

the new plan to save time and streamline the process. Only those components of strategic direction which require alteration or refinement should be reopened in a new planning process.

4.1.2.3 Forest Management Plan - Planning Team

Background:

Changes in the 2004 Forest Management Planning Manual (FMPM) have resulted in significantly larger planning teams. The reality is that these Planning Teams meet regularly, but actually don't do much, if any planning as a group. Most of the planning work is still completed by the Plan Author and the core group of professionals that used to make up Planning Teams. Managing expectations of the members of new Planning Teams is important (and has become an additional process) to minimize issues. This is particularly important for the First Nation members who may stop attending meetings because they are frustrated by the realization that the Planning Team doesn't do any planning as a group. The group(s) that make decisions in the planning process must be made up of trained, knowledgeable people and the group size must be small to be effective.

RECOMMENDATION #5:

That the structure of the Planning Team, as described in the 2004 FMPM, be maintained, but renamed so as to more accurately reflect the group's role in overseeing the assembly of plan components. This would allow the small group of professionals that do the planning to again be referred to as the Planning Team.

BEST PRACTICES:

- All members of a Planning Team (and support staff, advisors and Steering Committee members) must be committed to the objective of co-operatively producing an approvable FMP on time.
- All members of a Steering Committee, Planning Team support staff and FMP advisors must be committed to supporting the Planning Team.
- All members of a Planning Team (and support staff, advisors and Steering Committee members) must practice strong, open, two-way communications. The Planning Team Chairs and Steering Committee members must also ensure strong, open, two-way communications are maintained.
- Planning Teams and Plan Advisors, as professionals, must be held accountable for their recommendations/decisions made during the planning process. In the case where a recommendation/decision is contrary to 'normal' advice or direction, it is imperative that the proponent adequately document both the recommendations/decision and the rationale. The preferred approach to resolution is always up-front discussion of the matter and attempt to develop consensus between the Advisors and the Planning Team. If an issue remains the Steering Committee may have to provide the planning team direction.
- The administrative responsibilities of the Planning Team Chair(s) and Project Manager should not be a further burden placed on the Plan Author or MNR

Forester. All planning team members should be free of as much planning process administration as possible in order to allow their time to be spent on FMP content.

Timelines:

The recommendation could be implemented immediately, but more realistically, should be implemented for the 2009 Forest Management Plans. All the best practices listed above could be implemented immediately.

Legal Framework:

Minimal change to the Forest Management Planning Manual.

Benefits:

- Less frustration for some members of the planning team (as currently defined);
- More accountability for those making planning recommendations and decisions;
- Less process/administrative work for those staff engaged in forest management planning.

4.1.2.4 Forest Management Plan - Steering Committee

Background:

The role of a Steering Committee is to provide the Planning Team with adequate resources, strategic direction and timely responses to resourcing issues and disagreements among planning team members. The 2004 FMPM indicates the decision to create a Steering Committee is made by the District Manager, in consultation with the SFL-holder. If a Steering Committee is not created, the 2004 FMPM indicates District Manager is responsible for strategic direction, resources and timely responses to resourcing issues and disagreements. The February 2005 MNR direction mandates the District Manager to establish a Steering Committee for each plan.

RECOMMENDATION #6:

- The contradictory direction between the 2004 FMPM, which allows the option to create a Steering Committee and the February 2005 MNR direction, which mandates the establishment of Steering Committees needs to be addressed.
- Further suggest, that the MNR direction for mandated Steering Committees be withdrawn and allow local managers the option identified in the 2004 FMPM.

BEST PRACTICE:

- A Steering Committee, if required, should be small in size, in order to efficiently respond to any Planning Team issues. Members of the Steering Committee must

have the ability to make timely decisions and address staff and financial resources for both the MNR and industry.

Timelines:

The recommendation and best practice listed above could be implemented immediately.

Legal Framework:

No change to legal framework is required.

Benefits:

More accountability for the decision of the local manager.

4.1.2.5 Forest Management Plan – Management Unit Amalgamation

Background:

Historically the boundaries of the Forest Management Units were established by applying criteria that did not consider the required area and harvest volume necessary to carry out an efficient, cost effective and competitive forest management program, i.e., supply exceeded demand, energy costs were low, economy booming in the 1950s and the regulatory requirements were minimal.

Unit costs for producing Forest Management Plans are largely driven by the legislation, regulations, forest policy and processes that must be addressed for each plan, regardless of the harvest volume. Forest Management Unit costs are calculated for each cubic metre of wood harvested and a primary benefit of amalgamating forests is the achievement of a more cost efficient management regime.

Amalgamation of Management Units, and, therefore, of Forest Management Plans, is an obvious answer that could increase the total area and volume managed under a forest management program; however, there are additional options that should be explored that will accomplish similar results.

If a Forest Management Plan covered multiple SFLs and/or multiple Management Units, the resulting costs of producing the plan, Annual Work Schedules and Annual Reports would be reduced significantly, all without affecting the level and quality of sustainable forest management activities or dramatically changing forest tenure.

Current average production costs of an FMP are in the vicinity of \$1 million/plan; in addition, there are significant costs associated with the production of Annual Work Schedules, Annual Reports, independent forest audits, etc.

RECOMMENDATION #7:

Reduce the number of Forest Management Plans (FMPs) through "amalgamated planning efforts" or reduce the time and effort to prepare an FMP by "sharing FMP components". Consider a range of options: "Co-operative of SFLs vs. Co-operative of Companies", based on business needs, that enable such savings, including:

- Sharing of FMP component parts, such as objectives, historical forest condition, forest units, yield curves, succession info, SGRs and modeling between SFLs.
- Preparing one FMP for multiple SFLs on one amalgamated Management Unit.
- Preparing one FMP for multiple SFLs on separate Management Units.
- Preparing one FMP for a new shareholder SFL on one amalgamated Management Unit.

Timelines:

- Sharing of FMP components could be done immediately;
- Preparing one FMP for multiple SFLs on an amalgamated Management Unit could be done in the medium term (pending amalgamation approval);
- Preparing one FMP for multiple SFLs on separate Management Units could be done in the medium to long term (pending amendment to the CFSA?)

Legal Framework:

MNR may have administrative issues (either Industry or MNR, or both) to resolve in the case of one FMP being prepared for multiple SFLs.

Benefits:

- Reduced planning costs due to fewer FMPs or reduced planning time and effort to prepare the components of a FMP;
- Leads to broader landscape management (larger Units help get there faster);
- Leads to a more balanced provincial FMP renewal schedule;
- More palatable approach for forest industry that will expedite addressing the Minister's Council recommendation regarding conversions of single tenure SFLs to co-operatives.

4.1.2.6 Forest Management Plan - Timelines

Background:

Many of the FMPs scheduled for approval in 2007 and 2008 appear to already be off-schedule due to process requirements of the new 2004 FMPM. This will have substantial costs to Industry, as well as to MNR.

Putting aside the actual FMPM requirements (which are addressed in Section 4.1.1.1 – FMPM Review) and examining the identified timelines for plan production indicates a disconnect between what is purported to be required to produce a plan (24+ months) and what is actually required to produce a quality plan (30-40 months). This puts an undue stress on the planning teams, with the onus of producing a plan to meet the timeline, rather than producing a quality plan.

Realistically, the planning process from Stage #1 (Invitation to Participate) to plan implementation takes 24+ months. An appropriate amount of time (6-9 months) must be allotted prior to Stage #1 in order to prepare the information to meet all of the Stage #1 requirements. Additionally, an appropriate amount of time must also be allotted:

- If the inventory is not complete and accurate; and
- If any land use planning decisions have not been completed; and
- If any caribou habitat/mosaic planning has not been completed.

As per the direction in the 2004 FMPM, the planning schedule for 2007+ FMPs will include at least six plan checkpoints (Planning Inventory; Forest Units and Habitat Classification; Base Model; Scoping Analysis; Management Strategy and Endorsement of Long-Term Management Direction). These checkpoints are helpful, but once endorsement is achieved for a particular checkpoint, the intention is that information and products associated with that checkpoint are not revisited.

Past FMP planning history has shown, as the front-end of the planning schedule gets delayed, the time associated with the operational planning gets compressed into an unrealistically tight time frame, in order to maintain an April 1st implementation date. Unrealistic planning schedules result in a disconnect between the time of the actual FMP workload and the subsequent allocation of MNR and Industry resources to support the FMP production, which is a significant additional stress on staff with an existing onerous task. Also, unrealistic planning schedules result in a disconnect between FMP-related training opportunities and when the FMP work is conducted.

RECOMMENDATION #8:

- The generic timeline included in the FMPM 2004 should be modified to reflect a reasonable length of time to prepare and complete a Forest Management Plan considering changes to the manual requirements that result from the recommended review (i.e. Section 4.1.1.1 Forest Management Planning Manual – Review).

- In conjunction with this recommendation, the timing of FMP-training opportunities, FMP funding opportunities and the delivery of information products to support plan production must be realigned to match the modified, generic FMP timeline.

The intent is to:

- Modify the generic FMP timelines as part of a reality check;
 - Separate items such as the land base preparation (inventory) and land use planning (caribou mosaic) from FMP preparation timeline;
 - Ensure time is built into the process to allow for complete collection, updating and assembly of background information;
 - Ensure time is built into the process to allow for full consideration of input received following each stage of public consultation, before proceeding to the next stage;
 - Improve the understanding and application of plan check points; and
 - Ensure an equitable amount of planning time is allotted between strategic planning and operational planning.
- The Planning Team Chair or Project Manager must be responsible to continually ensure the Terms of Reference are followed and that the planning schedule is adhered to. This means the target dates associated with checkpoints will be met by the planning team unless a proposal to adjust the planning schedule is approved by the District Manager/Steering Committee.
- Once a checkpoint is met, the Planning Team, Plan Advisors and Reviewers will not re-examine the decisions made in relationship to that checkpoint without the express direction from the District Manager/Steering Committee or the Regional Director.

BEST PRACTICES:

- All land use planning decisions and caribou habitat/mosaic planning should be completed prior to the start of an FMP planning process.
- The information and products associated with an FMP checkpoint should not normally be revisited once the checkpoint has been endorsed.
- MNR should continue efforts to align FMP training with an expanded planning time frame (for 2009 FMPs, MNR has started FMP training efforts with a note to District Managers in November 2005 (T-41 months), a consultant delivered project management session for FMPs in January 2006 (T-39 months) and the start-up call in March 2006 (T-37 months). The first face-to-face training, organizing for planning for 2009 plans is scheduled for May 2006 (T-34 months)).
- We also have a suggested planning schedule that has been provided with the template Terms of Reference.
- Build sufficient time into the planning process to allow for full consideration of input received following each stage of public consultation before proceeding to the next stage.

Timelines:

Modification of the generic FMP timelines could be completed in the short-term and resulting direction could be provided through the next available FMP training sessions.

Legal Framework:

Direction provided in the next FMP training sessions should be added to the FMPM, when other changes to the FMPM are made.

Benefits:

- Appropriate planning time frames recognized and provided, which reduces the burden on Planning Teams;
- Appropriate time is built into the process to allow for full consideration of input received following each stage of public consultation, before proceeding to the next stage, which will allow time for more thoughtful consideration of input and reduce issues that lead to plan challenges;
- Better link between the stages of FMP training to FMP preparation; and
- Better link to MNR/Industry funding opportunities for background information collection.

4.1.2.7 Forest Management Plan - Stand Listings

Background:

There are some requirements of the Forest Management Planning process that appear to serve no purpose and should be eliminated. Stand listings are required in both the Forest Management Plan and the Annual Work Schedule. Stand listings had some value prior to the implementation of Geographic Information Systems (GIS), but with current technology, stand listing serve no purpose and are of no value.

RECOMMENDATION #9:

Remove the requirement to provide stand listings in Forest Management Plans and Annual Work Schedules.

Timelines:

This recommendation should be implemented for 2007 Forest Management Plans and Annual Work Schedules.

Legal Framework:

An amendment to the Forest Management Planning Manual is required.

Benefits:

- Reduced time and effort to compile and check stand listings.
- Reduced potential compliance issues (e.g. map does not match stand list).

4.1.2.8 Forest Management Planning Manual – Silviculture Ground RulesBackground:

The concept of silvicultural ground rules originated with Forest Management Agreements (FMAs). At that time ground rules were established to ensure that appropriate silvicultural practices were initiated on FMAs. Since that time, Silvicultural Guides have been developed for use in Ontario, dedicated silvicultural funding via the Forest Renewal Trust Funds has been established and a maturing of the relationship between MNR and forest industry has become a reality. Add to that the independent forest audit process, third party certification and silvicultural effectiveness monitoring and the list of checks and balances has increased dramatically. However, the silvicultural ground rules remain a part of the Forest Management Plan and continue to provide an indication to the public of what to reasonably expect for any particular stand.

Concern has been expressed about the excessive documentation required to present the silvicultural ground rules in a Forest Management Plan. To some extent the requirements of the FMPM (2004) have addressed these concerns. However, planning teams should ensure that the forest units chosen reflect our real ability and need to differentiate stands with some confidence based on the forest resource inventory (i.e. more forest units does not necessarily mean better classification). As well, forest unit/ecosite(s) combinations should include the full range of ecosites where the eligible treatments will not be significantly different and where the actual treatments applied will result in an average future condition which results in a reasonable range of possible outcomes. Rationalization of the forest units and forest unit/ecosite(s) combinations should be undertaken early in a planning process and will have positive benefits throughout the remainder of the planning process and the Forest Management Plan document.

The Crown Forest Sustainability Act requires that a Registered Professional Forester (RPF) prepare a Forest Operation Prescription (FOP) for each site prior to operations beginning. This represents the commitment to the public, as reflected in the Annual Work Schedule, that each individual treatment scheduled has been prescribed by a qualified individual and is appropriate for that particular forest unit/ecosite(s) combination.

While the best practice that is identified can result in meeting the requirements of the FMPM 2004 efficiently, the review of the FMPM recommended (i.e. Section 4.1.1.1 Forest Management Planning Manual – Review) should specifically examine those requirements and seek further efficiencies.

BEST PRACTICE:

The silvicultural ground rules included in a Forest Management Plan should be prepared in a manner that provides for efficient documentation and implementation while meeting the requirements of the Forest Management Planning Manual (2004). This includes:

- Rationalization of forest units used
- Forest unit/ecosite(s) combinations established that only reflect real differences in acceptable treatments (e.g. upland spruce vs. lowland spruce)
- Future conditions which represent an average of a reasonable range of possible outcomes

RECOMMENDATION #10:

The review of the 2004 Forest Management Planning Manual (FMPM) recommended in Section 4.1.1.1 will determine if SGRs should be a required component of a Forest Management Plan. If it is found that a FMP must contain SGRs, the review should seek ways of introducing further efficiency to the requirements.

Timelines:

This best practice may be implemented early in the planning process as renewal of each new Forest Management Plan is initiated. Of specific note is that the establishment of forest units and strategic silvicultural options are each check points required by the Forest Management Planning Manual (2004). These decisions are critical to the silvicultural ground rules prepared later in the planning process.

Legal Framework:

The Forest Management Planning Manual (2004) provides for a much more efficient presentation of the silvicultural ground rules than previously required. The best practice describing rationalization of forest units and forest unit/ecosite(s) combinations may be undertaken within the current legal framework.

Changes to the FMPM 2004 relating to the SGR requirements that are brought forward as a result of the recommended review will require changes to the manual and approval by regulation under the CFSA.

4.1.2.9 Forest Management Plan - Web-Based Publications

Background:

"Ontario Forests" is the Forest Program web page which provides links to forestry legislation, regulations, policy, certain forestry publications and general forestry-based information. While certain forest companies have been providing public access to forest management planning-related documents on their web sites, this public access has not been coordinated or consistent. Major benefits and some cost savings for both the forest

industry and the MNR, and benefits for the public can be achieved by having a single web-based source for public information related to approved Forest Management Plans and Schedules.

RECOMMENDATION #11:

MNR should establish a web-based source for the publication of forest management planning-related documents and decisions. This source should provide access to final Forest Management Plans and amendments; final contingency plans and amendments; approved Annual Work Schedules and revisions; and Management Unit Annual Reports.

Timelines:

Full implementation of a single web-based source of forest management planning-related documents and decisions is dependant on when the required changes to the legal framework can be made. Software and related technology exists.

Legal Framework:

Provision of public access to forest management planning-related documents from a single web-based source will require changes to the Forest EA Approval (Declaration Order MNR-71). Changes may also be required to the Forest Management Planning Manual (2004). However, efforts to establish this single web-based source may proceed while changes to the legal framework are being pursued.

Benefits:

This will provide a standardized approach and format for users to review either one or a number of planning documents. Benefits include reduction in paper copies, document control, and transparency in the forest program.

4.1.2.10 Forest Management Plan – First Nation Consultation

Background:

First Nations communities have long felt excluded from forest management activities that are occurring around them. Although forest management planning does provide for First Nation consultation, First Nations frequently appear frustrated that this process does not necessarily lead to specific economic benefit to the First Nations. The Timber EA Decision through Term and Condition 77 (now Condition 34) raised the expectations of First Nations but does not always lead to substantial change – frequently because no new opportunities were created.

Industry/SFL holders in the vicinity of First Nations communities are spending a substantial amount of time and resources in meeting with and negotiating with First Nations communities. However, industry/SFL holders have stated they lack the authority and ability to make significant change to the economic well-being of First Nations.

Many forest products companies are providing economic opportunities in the form of direct employment and/or contracting opportunities. Significant immediate change may not be possible without the displacement of existing workforce or contractors.

It is recognized that First Nations will form an essential part of the forest industry workforce in the future. Training and education are essential to ensure First Nations are equipped to capitalize on opportunities that become available.

First Nations often recognize the limitations of industry, but in the absence of other opportunities, continue to lobby private industry on matters that might best be addressed on a government-to-government basis.

RECOMMENDATION #12:

- That the Province of Ontario expedite initiatives to engage First Nations on a government-to-government basis in discussions relating to the participation of First Nations in the benefits of resource management that the forest industry is capable of implementing.
- That the forest industry implement economic opportunities with First Nations on a business-to-business basis within the frameworks established between governments.

Timelines:

As quickly as possible.

Legal Framework:

Will require changes to government policy and possibly legislation.

Benefits:

Economic benefits to be provided to First Nations with more certainty. The forest industry will benefit as a result of greater certainty of supply. Additionally, significantly less time will be spent by forest industry dealing with matters that are more appropriately dealt with between the Province and First Nations on a government-to-government basis.

4.1.2.11 Forest Management Plan – Individual EA Requests

Background:

Developments which are proposed to occur on Crown Lands in Ontario are subject to the requirements of the Environmental Assessment Act. In simple terms, any new activity on Crown Lands must undergo an environmental assessment prior to approval being issued for that activity to proceed.

Because forest management planning is essentially the same across the Province, forest management planning has been granted a Class EA exemption to the Environmental Assessment Act. Individual environmental assessments for each Forest Management Plan are not required, provided Forest Management Plans follow the requirements of the Forest Management Planning Manual. However, there is a provision for parties to request an individual environmental assessment (formerly referred to as a "bump-up request") of Forest Management Plans or aspects of Forest Management Plans if a party believes the planning process has failed to address a particular concern or value.

Unfortunately, there are no restrictions to the basis for requesting an individual EA. For the price of a stamp, any party that is unhappy with the outcome of a forest management decision may request an individual EA – even despite full consultation and issue resolution procedures that may have occurred during the planning process. This begs the question of whether these processes have failed to achieve consultation or issue resolution, and hence the individual EA request, or if the individual EA request is a function of some other phenomenon.

Very few individual EA requests have been granted by the Ministry of Environment. However, until these requests have been reviewed and responded to, forestry operations have been either delayed or constrained, resulting in substantial cost to the forest industry and indirectly to the Province.

Costs to the industry resulting from individual EA requests come from several sources. When the request results in the total shut-down of operations on a forest, costs are incurred from men and machinery being idled (no production but costs still being incurred). Additional costs are also incurred as fibre must be sourced from alternate locations, generally at greater distance and cost in order to supply mills and avoid mill down time. In worst case situations, an individual EA request could lead to mill down time with significant associated costs.

Even where "concurrence" provisions permit operations to continue on a forest, but away from the specific area identified in the individual EA request, considerable additional cost is likely to be incurred. Such costs result from additional moving costs to avoid contentious areas and may lead to additional operating costs through harvesting areas in seasons that are not conducive to efficient logging operations. Additional costs are also incurred by both industry and MNR in the securing of additional permits, providing additional information, revisiting matters previously dealt with, etc.

The forest industry has cited examples of individual EA requests resulting in costs in excess of \$1 million – this despite the eventual denial of the request.

While the opportunity for individual environmental assessment is a valid need, measures must be implemented to control frivolous individual EA requests and respond to the requests in an expeditious manner.

RECOMMENDATION #13:

- That the MNR evaluate the extent to which requests for individual Environmental Assessments (EAs) are a function of a failure of consultation and issue resolution processes or from root causes outside the FMP process, with a view to identifying what was handled well by experienced staff and resulted in the avoidance of individual EA requests .
- That the Province of Ontario implement measures to limit frivolous individual EA requests relating to Forest Management Plans.
- That the Province of Ontario implement measures to respond to individual EA requests in a timely manner.

Timelines:

Measures should be initiated immediately.

Legal Framework:

Revisions may be required to the EA Declaration and legislation if measures are implemented to limit frivolous individual EA requests.

No legal revisions are required for MOE to adhere to the timelines for responding to individual EA requests as they currently exist.

Benefits:

The forest industry and MNR will avoid additional process costs required in the response to individual EA requests. More importantly, significant costs to industry will be avoided if such requests do not result in constraints that either preclude forestry operations from occurring or require relocation of operations.

4.1.2.12 Forest Management Plan - Values Data Collection, NRVIS and Funding

Background:

Concerns about values data collection, NRVIS (Natural Resource Values Information System) and funding accounted for a significant number of the items listed by the District/SFL review. Those concerns related to availability of funding, timelines (e.g. Forest Information Manual (FIM) timelines for new values, delays in updating NRVIS), accessibility of NRVIS to SFL holders, and base data accuracy (e.g. streams and their classification).

The comments clearly show a desire for annual values data collection funding (rather than funding tied to an FMP) and a values database (i.e. NRVIS) that is easy and efficient to use and share. The database needs to contain accurate values information that is kept up to date. The authors of this report acknowledge the improvements in the

values database (NRVIS) and funding; however, further improvements are desirable and necessary to ensure appropriate efficiency.

RECOMMENDATION #14:

- Funding for values data collection projects, including entry of data into the corporate data repository, should generally be provided to MNR Districts on an ongoing annual basis rather than be tied to the preparation of an FMP.
- Improvements are required in the values data management tool (NRVIS) to ensure ease of maintenance of values data (adding or removing values and associated attributes or editing the location or attributes of existing values). In addition, the pilot project of sharing the NRVIS application and access to the Land Information Ontario Warehouse values data with SFL holders should be supported.

NOTES:

- Two pilot projects are underway in 06/07 to have SFL holders use NRVIS to enter/edit values and base data. The pilots will examine the potential to streamline the data editing process to have data more readily available and more current. The districts will still be required to accept and post changes entered by SFL holders.
- Enhancements to NRVIS are continuous. Version 3.2.1 being released in June 2006 will allow for a default "Source and Justification" to be used for starting an edit session. Also, database structure improvements will be included that will drop the requirements to make relationships between database tables. This will be a significant speed enhancement. Release 3.3, scheduled for early fall 2006 will see the results of 'common database table restructuring project' which will significantly speed up the query, editing and opening of maps.
- The FIM V2 Project should specifically consider the potential for easing timeline requirements for new or changed values data reporting in line with FMPM 2004 requirements relating to addressing new or changed values found after plan approval, particularly in those cases where an amendment to the plan is not required.

Legal Framework:

There are no legal implications in relation to the approach to funding or to improvements to the values database (NRVIS) that are recommended. The Forest Information Manual (2001) includes requirements related to values collection and maintenance, particularly with respect to timelines for reporting new or changed values information. Changes to that document are currently underway and this related recommendation may be dealt with in that context.

Timelines:

Recommendations a) and b) may be implemented during fiscal 2006/2007 although the transition of funding from periodic to ongoing may take several years to ensure that some planning teams are not "short changed". The revision of FIM, including appropriate phase-in of requirements, is scheduled to be completed within this fiscal year as well.

4.1.3 Annual Work SchedulesBackground:

An Annual Work Schedule (AWS) is produced for a Management Unit each year to identify activities associated with planned harvest, renewal and tending operations. All activities must be consistent with the approved Forest Management Plan (FMP) for the Management Unit. Therefore, the AWS is really just a scheduling of approved FMP activities. A Registered Professional Forester (RPF) must certify "that the access, harvest, renewal and maintenance operations which are scheduled in this Annual Work Schedule have been developed in accordance with the requirements of the Forest Management Planning Manual." Annually, results of AWS activities from the previous year are reported in Annual Reports.

RECOMMENDATION #15:

Since the Forest Management Plan (FMP) is the governing document, this recommendation proposes that the Annual Work Schedule (AWS) be simplified to include:

- Maps illustrating harvest areas, roads (primary and branch), water crossings, renewal and tending operations. Eliminate the need for harvest, renewal and tending listings and associated tables (AWS 1, 2, 3, 6 & 7);
- An approximate schedule of operations. NOTE: This AWS requirement is duplicated in the monitoring plan;
- Simplified aerial herbicide and insecticide plans by application of the Process Streamlining Test (PST);
- Simplified fire plan by application of the Process Streamlining Test (PST);
- Simplified prescribed burn (PB) and slash burning plan;
- Extend AWS to a 13-month term.

MNR will check proposed AWS mapped activities and values for consistency with the approved FMP.

Timelines:

Should be initiated immediately.

Legal Framework:

This recommendation requires changes to a regulated manual (FMPM). May also require revisions to MNR's aerial spray and prescribed burn manuals.

Benefits:

These changes would result in reduced workload to both produce and review the AWS.

4.1.4 Management Unit Annual Reports

Background:

Annual reports are prepared on an annually for each Management Unit. Certain annual reports (e.g. the final report for a plan) are required to contain additional content. The Forest Management Planning Manual and the Forest Information Manual provide direction on annual report information content and data standards.

Concerns about requirements for unnecessary information, duplication of efforts in other processes, due date conflicts, submission format and responsibility for preparing the annual report were included in the items listed by the District/SFL review. For example, certain tables include un-necessary information and forest operations inspection reports are available from sources other than the MU annual report. In addition, certain information is provided by the MNR to the SFL holder, incorporated in the annual report and then submitted back to the MNR. The inclusion of un-necessary information, duplication of effort and the back and forth exchange of the same information provides significant opportunity for streamlining.

RECOMMENDATION #16:

- The review of the FMPM 2004 recommended in Section 4.1.1.1 will specifically apply the Process Streamlining Test (PST) to each annual report component with the objective of reducing annual report content. As well, information content that is duplicated outside of the annual report should be reviewed to determine the single correct location for the information.
- The separation of the SFL holder responsibilities and the MNR responsibilities into two annual report components should be considered.

Legal Framework:

These recommendations may result in proposals to change the Forest Class EA Approval (Declaration Order) and will result in changes to the Forest Management Planning Manual (2004) and the Forest Information Manual (2001).

Timelines:

See Timelines under the related recommendation in Section 4.1.1.1 Forest Management Planning Manual – Review. Some proposed manual changes may require changes to the Forest Class EA Approval which would have to be made prior to approval of FMPM and/or FIM changes. Changes to the Forest Information Manual should be brought forward in tandem with any changes to the Forest Management Planning Manual.

4.1.5 Forest Management Guides

Background:

The re-examination of the forest management guides was specified as a mandate of the Task Force in the Minister's Council report. These documents were the basis of more than 10% of the 1,000+ comments and suggestions submitted by the field organizations. This result, in itself, supports the need to re-evaluate the guides. Two thirds of the comments were directed at specific guides, with cultural heritage and natural disturbance pattern emulation garnering the most attention. With a province as geographically and ecologically diverse as Ontario, it is predictably difficult to develop and implement guidelines for specific features that will have uniform province-wide application. As such, many of the comments and suggestions, whether directed to specific guides or more general in nature, had common themes embodied by the concerns raised. These are perhaps most effectively represented from the one third of comments directed at guidelines in general. In these comments, practitioners focused on:

- Applicability and lack of field testing – NDPEG in the Great Lakes-St. Lawrence;
- Variability in application and interpretation – main office vs. region directions;
- The rule-based approach to applying guidelines;
- Interim direction vs. interpretation bulletins;
- Insufficient science supporting guide direction;
- Need to apply experience and actual results to guide implementation - effectiveness monitoring;
- Guide hierarchy – what supersedes what and when?
- Impact of guide application on FMP strategic direction;
- Lack of socio-economic analysis/evaluation of guides and their impacts;
- Timing of guide implementation relative to FMP process and approval;
- Rescind old guides;
- Alteration of guides by approving body without reconsideration by authors.

The Task Force recognizes that the majority of comments, of necessity, are based on the current guideline structure and cannot reflect the new guidelines under development.

There are still significant and valuable messages from the field input that can support and enhance the development and implementation of the new guidelines. There are concerns that the new guides will make forest management more onerous and complex by adding new layers of direction and process without removing any of the existing requirements. There are also concerns about the future integration of the new consolidated documents with the direction that remains in place from the non-incorporated guidelines.

After considerable discussion of the numerous issues raised, the Task Force determined that its best course of action was to provide an overall approach within which the current developers and authors of the new guidelines could maximize the value of the field input.

Since the topic and its input are too large to be dealt with in this report, the Task Force makes the following staged recommendations.

RECOMMENDATION #17:

Development of Guides must:

- Include the provision that the Terms of Reference include the requirement to apply the Process Streamlining Test continuously throughout the guide development/review process.
- Integrate science in the writing and application of the guide throughout its developmental process prior to approval.
- Incorporate the phasing out of former guide(s) and the implementation of new guides as part of the developmental process prior to approval.
- Reinstate the principle that these documents are indeed guides and not rules. Guides themselves should encourage an innovative mindset and exercising professional and technical expertise and judgement. Guide authors need to ensure that the process requirements that allow deviation from the guide are not so onerous that they cause practitioners to default to the guide. This can best be accomplished by ensuring field-level membership on the development teams, combined with a strong focus on consultation with field practitioners.
- Staff interpreting guides must be cautious to avoid "interpretation creep", where successive levels of interpretation (which may be made in isolation) are applied to a guide, thereby changing the intent of the direction in that guide.
- Guides must be developed in an atmosphere of reality that respects the resources available from both MNR and the forest industry to ensure they can be implemented pragmatically.

- Guide development time frames must be substantially shortened as they currently exceed the five year review period. The Task Force foresees a continuous improvement approach to the maintenance of the documents that will lead to the future development of "generationless guides". This approach will provide for the incorporation of new science, policy and results-based effectiveness monitoring direction and eliminate the requirement to periodically re-write the entire document.

Timelines:

The majority of work on the new landscape and site guides and on the new access roads manual has been done; however, it is not too late to review that work in the context of the recommendation. In addition, other guides like the tourism guide are up for review within the coming year.

Legal Framework:

The majority of forest guides fall under the Forest Operations and Silviculture Manual, a regulated manual; however, the guides do not require regulatory change themselves.

Benefits:

There will be numerous spin-off benefits stemming from guides developed in this context. The primary benefit will be an effective guide review and development process resulting in guides that are reviewed in a timely manner, incorporate the best science, and address their practical application.

Collective understanding and acceptance of guides produced through this kind of process is more likely. They will save time and money for both industry and MNR through less confusion, clear direction, appropriate positioning with the FMP process, and adaptability to site specific conditions including innovative approaches.

4.1.6 Forest Information Manual

Background:

The Forest Information Manual (FIM) is one of four manuals regulated by the CFSA. The FIM details the information and information products required by the MNR and the SFL in order to effectively manage Ontario's Crown forests. The manual is a very technical document with direct links to the FMPM and details not only what information must be maintained by the forest industry, but also states how and when the information must be provided to MNR. The consensus from the Task Force is that the information management requirements to maintain the forest management program have become too onerous and have been subject to "Information Requirement Creep" to the point where the amount of time and cost required in maintaining the information has advanced beyond the original intent. It is expected that Version 2 of the Forest Information Manual (FIM) will be completed by December, 2006, and that these issues will be addressed in this document.

While the technical knowledge and ability of the MNR and forest industry members tasked in developing the FIM requirements is extensive, the Streamlining Task Force perceives a lack of management leadership in the process, and that a "tail-wagging-the-dog" mindset has been developing. An example of where clear management direction could be beneficial would be to include documented principles against which all FIM requirements are to be evaluated prior to acceptance.

RECOMMENDATION #18:

All information management obligations proposed in Version 2 of the Forest Information Manual (FIM), whether existing or additional, must address the Process Streamlining Test (PST) against the following principles:

- The information requirement must be clearly linked to the FMPM;
- The FIM V2 requirement cannot be so constraining as to cause a forest manager to alter the forest management direction on the Management Unit in order to meet the requirement;
- The information requirement must reflect the input and best efforts of all Industry and MNR advisors to provide a simplified and efficient approach to manage information in support of the forest program;
- The information requirement (individually or as part of a larger process) must be established in a manner that clearly demonstrates that workload is not being increased, and, wherever possible, workload for Industry and MNR is being decreased.

Timelines:

The timelines for the implementation of this recommendation is to be immediate in order to allow the production of Version 2 of the FIM to proceed on the original timelines (i.e. by December, 2006). If the above principles are applied to the FIM V2 process, savings that will be generated will accrue after approval and implementation of the revised Forest Information Manual.

Legal Framework:

The legal framework for this recommendation includes provisions identified within the Crown Forest Sustainability Act, the Forest Management Planning Manual and the Forest Information Manual.

Benefits:

A reduction in the amount of time and cost associated with maintaining forest management information.

4.1.7 Resource Stewardship Agreements

Background:

There was much confusion with the implementation of the Resource Stewardship Agreement (RSA) program. This stemmed from several avenues, such as integration with the FMP process, the use of consultants in the process, roles and responsibilities of MNR, tourism operators, consultants and the forest industry.

With more than three years of working with the Tourism guidelines, the Guide to Resource Stewardship Agreements and the various interpretations of the process, much of the confusion and concern has been alleviated, however some issues still remain. Concerns are still being raised about integration with the FMP process, timing of components of the RSA process, finalization of RSAs, attempts to use RSA and FMP processes to resolve land use issues, and the role of consultants.

The Task Force believes that these and other outstanding issues related to the RSA process have largely been addressed by best practices developed by the two industries and MNR staff across the province. The Task Force recommends the following best practices.

BEST PRACTICES:

- Recognize that the RSA process and any resultant agreements are a function of the forest business to tourism business relationship.
- Successfully defining MNR's role in terms of establishing the context (regulatory, planning and compliance) within which the forestry and tourism industries conduct the RSA process.
- Recognize that the Guide to Resource Stewardship Agreements is just that – a guide. The regulatory framework establishes that the Forest Management Plan process governs thereby requiring RSA development to conform to its requirements.
- Recognize that the RSA process may identify Areas of Concern for resource based tourism values and associated forest operations prescriptions, and may also identify access management strategies. These must be presented to the FMP Planning Team and the MNR for acceptance and approval within the FMP process and the Public Lands Act. Virtually all other components of the RSA process and agreement are between the two industry parties.
- Recognize that the purpose of the RSA process is support and improve the interface between forest and tourism operations and, it may identify land use planning issues, it was not designed to address them.
- Recognize that tourism operators cannot be expected to have the depth of knowledge and experience in forest management planning that MNR and the forest industry have. Consultants can play a key role in providing tourism operators with knowledge and understanding of the forest sector and the FMP process which can be of value to all parties.

4.2 Licensing/Approvals/Authorities/Permits

The Crown Forest Sustainability Act has provisions for the issuance of Timber Supply Agreements, Forest Resource Licenses (FRLs) (up to five years), and Sustainable Forest Licenses (SFLs) (up to twenty years). Licenses authorize the harvesting of forest resources and are subject to various conditions, including the condition that the amount of harvest will not exceed the amount described as available for harvesting in the Forest Management Plan.

The MNR has developed a system of requirements (approvals, authorities, permits, etc.) that must be in place prior to the implementation of an approved Forest Management Plan. While this system is intended to form a complete auditable chain, it appears that there are inefficiencies and duplications which require unacceptable time frames for processing.

4.2.1 Sustainable Forest Licenses

Background:

Both licensees and field staff expressed a concern that the process for re-establishing the 20 year term of a Sustainable Forest License (SFL) whose term was reduced by a failure to extend after a five year review is unclear. There is in fact no provision that allows the term to be reinstated and presently the only option available to the licensee and the Crown is for the licensee to surrender the license and request that a new license be issued.

It is felt that, if after a reasonable period of time during which the licensee's performance has been exemplary, there should be a mechanism to reinstate the twenty year period of the SFL.

RECOMMENDATION #19:

To provide the Minister of Natural Resources the regulatory power to reinstate the term of a Sustainable Forest License whose term was not extended, where it has been determined that the licensee's performance warrants reinstating the full term.

Timelines:

This is a change to regulation - a process that should be able to be accomplished within 6 months.

Legal Framework:

Will require revisions to the Regulation 167/95 to establish a new authority to amend an Order in Council Sustainable Forest License, in order to reinstate the term of the license to 20 years.

Benefits:

The primary benefit will accrue to the licensee since their license will no longer reflect the decision not to extend the term of the license for failing the five year review assessment. This has significant implications for licensees in the market place and in relation to achieving certification to one of the current forest certification standards.

The public will also benefit since licensees will have an incentive to excel at meeting the requirements of the license which will contribute to the sustainability of the Crown forest.

4.2.2 Forest Resource Licenses

Background:

There were a number of suggestions related to licensing from the Districts and Sustainable Forest License (SFL) holders. The recommendations below are an attempt to capture the key directions suggested by the MNR and industry field practitioners. The administrative delays and cost burdens associated with overlapping agreement negotiations and resultant overlapping licenses need to be reduced. Industry must look at moving to business-to-business arrangements as an alternative to overlapping Forest Resource Licenses (FRL) wherever feasible. Where overlapping FRLs are still needed, the term must be maximized. Synchronizing the FRL term to the FMP term is seen as an efficient approach.

The process and fees for transferring an FRL, particularly for a small FRL, are seen as onerous and disproportionately excessive. The fees for license transfers are presently \$1,000.00, regardless of the size of the FRL being transferred. This situation may become less of an issue over time as the number of small license holders declines; but a substantial savings for small size licenses may be realized through the initiation of a graduated fee structure which recognizes the value and percentage share.

The Area Forester's Report is seen as redundant since much of the information required in the report must be consistent with and comes from the approved FMP. The majority of the information included in an Area Foresters Report is drawn from the FMP, any related SFL, applicable Supply Agreements, and the historical FRL records, it can simply be referred to by its source. It is not necessary to duplicate information that will be included in the subsequent license. Finally, a more efficient mechanism can be used to handle the requisite acknowledgements by the licensee and the District Manager.

Some SFL holders reject the use of longer-term overlapping FRLs because FRL holders have used them to tie up resources or may have failed to deliver on certain of the overlapping license agreement terms and conditions. While the overlapping licensee has the option of surrendering the FRL if the relationship fails, the SFL holder has been unable to get the license cancelled unless there has been a violation of its terms and conditions under the CFSA. Even then, it is a rare circumstance where the Crown will agree to a license cancellation. A provision that allows the SFL holder to opt out of an overlapping agreement and associated license for cause is proposed.

RECOMMENDATION #20:

- MNR to encourage SFL holders to move to business-to-business arrangements and longer term overlapping FRLs where appropriate;
- A provision be made in the regulatory framework to permit the cancelling of an overlapping FRL where either of the parties fails to uphold the overlapping agreement under which the overlapping FRL was issued.
- FRL should be capable of being the same term as FMP (e.g. up to 10 years);
- The time required and the costs of transferring an FRL must be rationalized;
- Reduce Area Forester's Report to a sign-off that all the current Area Forester's Report requirements are met for a given license by the appropriate documents, or eliminate altogether; and
- MNR to investigate a graduated fee structure based on % of harvest share being transferred. For example, a fee may be set for dealing with transfers less than 5%, with increased fees through 10% increments.

Timelines:

This is a change to regulation, a process that should be able to be accomplished within 6 months.

Legal Framework:

Will require revisions to Regulation 167/95 in order to establish new authorities with respect to Overlapping Agreements as a term and condition of Overlapping Licenses and cancellation a Forest Resource License.

Benefits:

An industry move to business-to-business relationships in lieu of overlapping licenses could significantly reduce costs for both MNR and the industry through elimination of Crown role, reduced process for both parties and staff time savings.

Similarly, elimination of or a significant substantial reduction in the requirements for an Area Foresters Report would save time effort and money for all sides.

4.2.3 Approval to Commence and Authority to Haul

Background:

Districts and industry identified that the issuance of the Approval to Commence Harvesting Operations and the Authorities to Haul (ATH) as a source of delay and as an extra layer of approvals that should not be required.

The current process is time-consuming and extensive:

- Approval of AWS by the District;
- Area Forester Report sign-off by the Forester, District Manager and Licensee;
- Issuance of license by the District Manager;
- Approval to Commence issuance by Area Supervisor;
- Authority to Haul approval by the Regional T&M Coordinator.

When an AWS is approved, there should be a synchronized process in place to allow for the necessary documents to be issued immediately.

RECOMMENDATION #21:

- That the Forest Management Planning Manual (FMPM) be revised to include a section in the AWS dealing with Wood Delivery. The MNR would maintain an annual list of mills that are authorized to receive wood from Crown lands in Ontario. The SFL would notify MNR as to where the Crown wood will be delivered, which must be consistent with the FMP and the license documents, unless otherwise justified.
- Area Forester's Report should be an internal MNR working document completed by the Area Technician or Forester once the AWS has been approved. Signatures by the District Manager or Licensee would not be required. Consider re-naming the document, i.e., "License Input Form".
- TREES system to be updated to enable the Approval to Commence and Authority to Haul (ATH) documents to be combined into one document.
- The term of the "Approval & Authority" document should be consistent with the term of the license to eliminate annual processes.
- Delegation of Authority for the "Approval & Authority" document should be at the District level (Area Supervisor).

Timelines:

Implementation will likely be in the longer-term as programming changes to the TREES software system are required, as well as revisions to the Delegation of Authority, Scaling Manual and FMPM.

Legal Framework:

Requires changes to the Delegation of Authority and **may** require revisions to the Scaling Manual and FMPM.

Benefits:

- Eliminates annual processes for MNR and Licensees;
- Reduces down time and operational delays for Licensees as operations can continue until License term expires;
- Reduces clerical time and paper consumption for MNR;
- Reduces potential for misuse of Bills of Lading for Operators (fewer approval numbers);
- Potential for improved statistics from TREES.

4.2.4 Land Use PermitsBackground:

The CFSA does not provide the forest industry with any authority to occupy Crown land free of charge for the purpose of temporary forest operations. The Public Lands Act (PLA) provides the authority to take up Crown lands free of charge through the Free Use Policy.

The current MNR Free Use Policy that allows the forest industry to occupy Crown land free of charge is limited to the transitory occupation by equipment such as mobile slashers and chippers, mobile harvesting equipment and supporting mobile accommodation trailers (e.g. individual recreational trailers or similar mobile structures), that are directly involved in and move with an active forest harvesting and management operation. This is excluding locations that are extensively used by the transient public, such as public camping areas and access points. This policy does not differ whether the location is inside or outside of the AWS.

Each year the forest industry moves unscaled Crown wood from winter road landings to temporary holding locations on gravel roads prior to spring break-up. In most cases, these temporary locations are outside of the AWS Harvest Approval area.

MNR's interpretation of the Free Use Policy currently allows the forest industry to use temporary landings free of charge for up to 30 days. If the landing/storage area is needed for more than 30 days, then a Land Use Permit is required.

RECOMMENDATION #22:

- The locations of temporary holding yards that are anticipated to be required for more than 30 days should be identified in the Forest Management Plan (FMP) and the Annual Work Schedule (AWS) and will not require a Land Use Permit.
- Temporary holding yards that are not covered in the approved FMP/AWS may be covered through a revision to the AWS. The approval of the AWS revision will be considered as a revision to the Authority to Haul (ATH).

- Temporary holding yards located in the Harvest Approval area or block in the AWS will not require any form of approval or tenure.

Timelines:

This recommendation can be implemented immediately.

Legal Framework:

This recommendation could be accomplished through an amendment to the Free Use Policy under the Public Lands Act, or an amendment to the Crown Forest Sustainability Act.

Benefits:

- Pre-approved holding yards (via Forest Management Plans and Annual Work Schedules) would reduce the time and effort required to approve sites.
- An immediate reduction in cost to the forest industry for temporary log holding yards.

4.2.5 Personal Use Licenses

Background:

Personal Use Licenses (for fuelwood and building products) are currently issued under the authority of the CFSA through a Forest Resource License, and where applicable, an Overlapping Agreement with the current SFL holder. All licenses are generated through the MNR Registration system, and as such, could be very difficult to transfer responsibility for issuance to Government Information Centres or Service Ontario Centres. The approximate income generated from personal use licenses provincially for 2005-06 was \$130,021.19, or approximately 33,130 m³ of harvesting. Based on one MNR District, the average value of a personal use license was \$24.00 in 2005-06.

Protocols and procedures vary from MNR office to office – extensive processes are in place (i.e., confirmation of identification, determination of proper location, Overlapping Agreements, etc.), and documentation currently ranges from 5 to 10 pages of paperwork for each license issued. In addition, the forest industry has concerns related to liability issues associated with the public operating through Overlapping Agreements.

RECOMMENDATION #23:

- That MNR take steps required to eliminate the need for an Overlapping Agreement with SFL holders for personal use licensees.
- That an exemption be provided under the CFSA so that permits, rather than licenses, can be issued for personal use and that harvest locations be standardized throughout the province for personal use.

Timelines:

This recommendation could be implemented within a year.

Legal Framework:

May require revisions to the CFSA, Registration system, and possibly Delegation of Authority.

Benefits:

- Simplification and standardization of MNR processes;
- Reduction of paperwork;
- Elimination or restriction of liability for SFL holders;
- More client-focused;
- More easily transferable to external agencies.

4.3 Forest Operations, Silviculture and Compliance

The Forest Operations and Silviculture Manual is one of four manuals regulated by the Crown Forest Sustainability Act. This manual is a compendium of guidance and direction for the conduct of operations authorized by approved Forest Management Plans. This manual provides for the qualification of persons engaged in forest operations as well as measures for assessing the performance of forest operations. As noted, when this manual was first published in 1995, all four manuals "will always be works in progress. They will be revised, improved and updated often to reflect the many changes that lie ahead."

While the Forest Operations and Silviculture Manual is fairly broad in nature, it is linked to numerous guidelines and handbooks.

The Task Force decided to cover a number of subject areas covered by the Manual in this section of the report, and a number of other subject areas are covered in other sections of the report.

4.3.1 Roads

The MNR and industry field staff identified many challenges relating to roads. The Task Force attempted to deal with the most significant ones in this report.

4.3.1.1 Roads – Aggregates

Background:

In order to implement a Forest Management Plan, approved by the Crown, the forest industry must construct and maintain a forest access road network. The forest industry uses approximately 4 million tonnes of aggregate annually from Category 9 permits (900

sites) and approximately 3 million tonnes from Category 14 exemptions (1,000 sites) to construct a network of forest access roads to standards detailed in Provincial guidelines. Once construction is completed, the forest industry maintains many of these roads for many years. The construction and maintenance of these roads and the use of the aggregate is a direct cost to the forest industry necessary to fulfil the industry's commitments under the approved Forest Management Plan. Yet the forest industry does not directly profit from the aggregate it uses. In simple terms, the forest industry is using Crown aggregate for the construction and maintenance of multi-use roads on Crown land. The forest industry is bearing the full cost of establishing the pits and constructing the road network. The forest industry never owns the gravel and the Crown always retains ownership of the roads. Once constructed, the benefits of these roads are enjoyed by all the other commercial and recreational users of the forest. Recently, the cost of constructing and maintaining the Crown roads classified as primary and secondary multi-use roads is being financially supported as a reimbursement by the Crown through a special program to recognize the forest industry's contribution to public access to Crown forests.

In 2005 the Minister's Council, Aggregate Task Team, made nine recommendations to the Minister. Most of these recommendations were accepted and are in the process of being approved for spring 2006.

Two of these recommendations were not included in the recent revision to the Aggregate Resources Act. They relate to:

- Opportunities for the establishment of Category 14 pits adjacent to the existing forest road network
- The development of a procedure to permit Category 9 permits to revert back to Category 14 pits.

Each Forest/Management Unit contains significant kilometres of forest access roads that have been on the landscape for decades. The forest industry's principal annual expense on existing primary roads is for maintenance activities such as grading, resurfacing, ditch clearing, sanding and water crossing repairs. These activities often require hauling aggregate over large distances from exempted pits. Aggregate sources are usually available in various locations along these existing roads and the ability to access these sources under Category 14 exemption would drastically reduce hauling costs. Reduced costs would also further extend the Crown's financial contribution through the Roads Maintenance Program.

Since 1997 many Category 14 pits have gone beyond the two-year exemption and have been converted to Category 9 pits. There is a need to convert these pits back into Category 14 if the pits are used exclusively for forest access road requirements.

RECOMMENDATION #24:

- **Revise the Category 14 Ontario standards of the Aggregate Resources Act (ARA) to provide for a road maintenance corridor on existing forest access roads to allow for Category 14 aggregate opportunities; and**

- That the MNR develop a procedure to permit existing Category 9 permits to revert to Category 14 sites, where appropriate.

Timelines:

As a result of efforts by this Task Force, we believe that this recommendation has already been, or will be, implemented.

Legal Framework:

Revision to the Aggregate Resources Act and policy change.

Benefits:

- Retain Crown stewardship of aggregates under the ARA;
- The AOC planning for the road maintenance corridor, including the Cultural Heritage requirements would be dealt with through the Forest Management Planning process in order to protect all values;
- Provide significant and immediate reduction of costs for road maintenance through shorter haul distances for aggregates and other operational and administrative costs;
- Reduction of paperwork and reports;
- Eliminate costly time delays;
- Expand the benefits of the Crown's Road Maintenance Assistance Program;
- Return current Category 9 permits to Category 14 sites where the exclusive use is for multi-use forest access roads.

NOTE: An example of "process creep" recently arose as a result of a change to the Aggregate Application Process. A new requirement for hydrogeological reports was approved March 15, 2006 for new aggregate permit applications. This change deals with the determination of the established water table and who can do it. This policy states that the elevation of the water table can only be determined by a Registered Professional Geoscientist and applies to Category 9-12 pits. While it is anticipated that the forest industry will have far fewer Category 9 pits once the recommendation above is implemented, this new policy will add up to \$1,000 per report for all new Category 9 pits.

4.3.1.2 Roads - Water Crossings/Bridges

Background:

The Task Force received 78 comments directly related to water crossings and a number of other comments indirectly linked to water crossings. The most common concern was that obtaining approval for water crossings has become increasingly complicated, time-consuming, and costly.

The Task Force is aware that a team of MNR and forest industry people have been brought together to revise the Access Roads Manual. This Manual is a collection of

MNR policies, procedures and information bulletins that guide us in the management and administration of roads on Crown land. The Crown Land Bridge Management Report, which is the MNR manual governing bridges on Crown land, is also under review and will be incorporated into the revised Access Roads Manual.

The issue of timely water crossing location approvals, design, and documentation offer substantial opportunity to save the forest industry in dollars and time.

Adoption of a risk management framework which recognizes past performance and focuses on identification of High/Medium/Low risk situations will result in reduced operation delays, time spent on crossing design and approval, and environmental protection.

In addition to the recommendation regarding the application of the Process Streamlining Test (PST), three additional recommendations are offered. All of which, if accepted, will result in substantial operation cost savings while continuing to provide environmental protection.

RECOMMENDATION #25:

To ensure that the Process Streamlining Test (PST) is applied during the review/revision of the Access Roads Manual. If additional time is required to allow for the full engagement of MNR and forest industry field practitioners, then the deadline for project completion should be extended.

RECOMMENDATION #26:

Provide enhanced opportunities for forest industry that have demonstrated good past performance in the forest to make decisions locally related to low-risk water crossing approval. In support of this decision making process, protocols must be developed between forest industry and MNR, outlining:

- Notification procedures
- Construct according to access roads and stream crossing guidelines
- Reported through the Forest Operations Inspection Program (FOIP)
- Industry must be trained in appropriate processes
- Low-risk crossings not previously identified in the AWS may be authorized by forest industry and post approved/documented.

RECOMMENDATION #27:

The MNR and forest industry are to develop pre-approved engineered safe and cost-effective bridges, to be used under designated circumstances and in compliance with approval guidelines. Use of pre-approved structures will not require further engineering authorization.

RECOMMENDATION #28:

Remove MOU from process. Roads and associated crossings and use strategy are covered under Forest Management Planning or Land Use Planning Processes.

Timelines:

The Access Roads Manual and Crown Land Bridge Management Report are presently under review. Removal of MOUs for bridges will require a revision of the FMP Manual, a process which may be quite time-consuming.

Legal Framework:

The legal liability regarding Crown land falls on MNR, under Section 50 of the Public Lands Act. The provisions of the Public Transportation Highway Improvements Act and the Bridges Act may be quite time-consuming.

Benefits:

- Reduced operational delays;
- Reduced time spent on crossing design and approval;
- Reduced time spent on developing and filing MOUs.

4.3.1.3 Roads - Corduroy

The time, effort and cost of scaling wood used as corduroy in road construction was questioned and several suggestions were offered to reduce this. From an industry perspective, the wood used in this fashion is no different than gravel used from Crown land aggregates pits. The wood is not available to be used commercially by the licensee. It is harvested on Crown land, used in the construction of a road on Crown land and remains in that road in perpetuity, and lastly the ownership of the road and its materials remains in the Crown.

RECOMMENDATION #29:

That the requirement to scale Crown timber harvested and used as corduroy in road construction under an approved Forest Management Plan be removed and that the Crown charges waived.

Timelines:

Because of the regulatory changes that will be required to implement these actions, it may take a year or more to fully implement. There may be interim steps that could be undertaken in as little as six months (i.e. bulk scale and set charges to zero)

Legal Framework:

Full implementation of this recommendation will likely require changes to the CFSA, the Regulations for Crown charges and the Scaling Manual.

Benefits:

There will be a small cost savings to industry from the Crown charges component, however the biggest relief will come from not having to measure and process the Crown charges.

4.3.2 Forest Operations Prescriptions

Background:

The CFSA requires that a Forest Operation Prescription (FOP) be prepared by a Registered Professional Forester (RPF) prior to operations beginning. The intent of this requirement is to ensure that the operations are undertaken in an appropriate manner and that provision for forest renewal has been made. There is no requirement for FOPs to be included in Forest Management Plans or Annual Work Schedules, but the SFL holder must have them on file and available for inspection. FOPs may be amended as operations progress to reflect new information and alternative treatments being prescribed.

This requirement has escalated to the point where many MNR Districts have required FOPs to be included in Forest Management Plans and approved in Annual Work Schedules. This not only imposes additional requirements but duplicates and infringes on the role of the Registered Professional Forester (RPF) who prepares the Forest Operations Prescriptions (FOPs).

RECOMMENDATION #30:

That the requirements for Forest Operations Prescriptions (FOPs) be reviewed and streamlined. FOPs are prepared by Registered Professional Foresters (RPFs) and are not a requirement of the Forest Management Plan or Annual Work Schedules. The results of Forest Operations Prescriptions are recorded in silvicultural records and can be reported in the Annual Report.

Timelines:

This recommendation should be implemented within 9 months.

Legal Framework:

This may require changes to the Forest Management Planning Manual.

Benefits:

Reduction in time and effort in developing and reviewing Forest Management Plans and Annual Work Schedules.

4.3.3 Silvicultural Effectiveness Monitoring

Background:

Silvicultural Effectiveness Monitoring (SEM) is the comparison of how the results of a prescription or treatment compare with: a) the targeted results; b) the results and costs of other prescriptions on similar sites; and c) silvicultural standards or target measures (*Silvicultural Effectiveness Monitoring Manual for Ontario, 2001*).

There has been considerable discussion over the need for a means to evaluate the effectiveness of the silvicultural programs implemented in Ontario. At the root of this discussion is the question of whether the forests of Ontario are being renewed and sustained.

There are currently a number of means of monitoring silviculture effectiveness already in place. Many SFL holders conduct regeneration surveys to evaluate the results of renewal activities in order to identify and rectify problem areas, as well as to get an early indication of when stands may be ready for Free to Grow assessment. Free to Grow assessments also serve to indicate silvicultural effectiveness. Additionally, many SFL holders as well as MNR and industry are involved in growth and yield programs which specifically evaluate the effectiveness of renewal treatments across a range of sites.

The results of SFL SEM activities are reported annually to the Crown as required under the FMPM. Independent forest audits also evaluate and comment on the effectiveness of silvicultural activities.

The need for a provincial silvicultural effectiveness monitoring program is questionable, provided there are adequate means of assessing the results of silvicultural activities at a local level.

RECOMMENDATION #31:

The priority and level for silviculture effectiveness monitoring should be determined at a District level between the SFL holder and the MNR.

Timelines:

Priority and need can be determined at the District/SFL level immediately.

Legal Framework:

No changes required.

Benefits:

Forest industry and MNR will benefit through the avoidance of costs that may arise from unnecessary process or procedure. Where it may be determined that additional silvicultural effectiveness monitoring may be desirable, such monitoring may be targeted to address specific questions and issues and lead to benefits in cost effective renewal treatments and avoidance of the need for follow up or retreating of areas that do not achieve desired results.

4.3.4 Forest ComplianceBackground:

Responsibility for compliance reporting was transferred from the MNR to the forest industry a number of years ago. At that time compliance reporting was focused on the inspecting a sample of operations to ensure compliance with utilization standards, harvest boundaries and water crossing requirements. Most companies already had internal measures to monitor their operations and the new requirement to share their results with MNR was not onerous. Simple checklists were developed by companies to record where their operations were in compliance with provision for more detail and follow-up in situations where non-compliance was identified.

In the intervening years requirements relating to compliance planning and reporting have escalated, and the expectations are now that industry monitors and reports on 100% of operational activities. Costs associated with compliance monitoring have escalated accordingly. Industry/SFL holders must now develop detailed compliance plans which monitor and report on a wide range of elements. Low-risk activities such as silvicultural operations must be inspected and reported on with the same rigour as harvesting and road construction operations. Compliance reporting processes have assumed a greater priority than compliance results. The use of detailed inspection-reporting software has been imposed which requires not only the identification of non-compliance, but extensive discussion of why operations are in compliance.

Compliance inspections can now only be completed and submitted by "Certified Compliance Inspectors". Certification of inspectors requires attendance at a week-long course plus the passing of an exam. Inspectors must be re-certified every three years. This has in effect taken compliance inspection and reporting away from a part of normal forestry operations and elevated it to a requirement for compliance specialists. Operations supervisors who have become certified struggle with the preparation of reports which frequently consume more time than the actual inspection – even where no issue of non-compliance has been identified. Today's reporting requirements have resulted in more emphasis on "writing the story" and reduced time for planning and prevention by operations supervisors. Independent Forest Audits have identified examples of excellent compliance results in the field, but are critical of compliance reporting.

A review and rationalization of the compliance inspection program is required with a view to simplifying reporting requirements and focusing on issues of significant non-

compliance. Only annual reporting of compliance results with immediate reporting of significant non-compliance should be considered for the industry. The contribution of third-party certification schemes to compliance and the review of compliance results through the Independent Forest Audits must also be considered.

Voluntary compliance inspector certification for the forest industry should continue to be an option, and where inspectors do choose to become certified, the time frame for re-certification needs to be extended. In addition, there should be no requirement for certification of licensed professionals where they are practising within the scope of their license.

Certification requirements for the inspection of silvicultural operations are particularly onerous and must be reconsidered.

RECOMMENDATION #32:

The MNR and industry must apply the Process Streamlining Test (PST) to the entire compliance program.

4.3.4.1 Compliance Plans

Background:

A Compliance Plan is developed as part of the Forest Management Plan. Annual Work Schedules identify the specific areas within the Forest Management Plan to be implemented on an annual basis. As there is no new information provided in the Annual Work Schedule, there is also no new information to be provided in an Annual Compliance Report, making the Annual Compliance Plan a redundant requirement.

RECOMMENDATION #33:

That the requirement for Annual Compliance Plans be eliminated.

4.3.4.2 Certification

Background:

Many SFL holders have become third party certified to a Sustainable Forest Management System (CSA, SFI, FSC) and MNR is pursuing the requirement that all Sustainable Forest License holders will have to become certified. Such systems require provision that forestry operations are in compliance with legal requirements, provincial policies, forest management planning guidelines and requirements, utilization standards etc. Industry/SFL holders have been able to implement effective compliance systems within their certification system that functions effectively without certified compliance inspectors and the detailed reporting requirements of the provincial system. Where such systems are in place, an exemption from the provincial system could be considered, with results reported in the Annual Report. Issues of significant non compliance would continue to be reported immediately.

RECOMMENDATION #34:

That a provision be implemented that would allow for certified compliance systems and integration with provincial compliance system versus duplicative use of the provincial compliance system and a requirement for certified compliance inspectors.

Timelines:

These recommendations should be implemented within 1 year.

Legal Framework:

Recommendations will most likely require changes to the EA Declaration Order, the Forest Management Planning Manual and the Forest Compliance Handbook.

Benefits:

There are substantial potential cost savings in reduced system duplication and staff time spent inspecting and reporting for both MNR and the forest industry. There is also a much higher probability of consistent compliance reporting and a better focus of resources on compliance issues of substance instead of a thinly applied but broad brush approach.

4.3.5 Boundary Marking

Background:

Forest harvest boundary marking practices have undergone significant changes in the past ten years. The application of GPS technology in concert with the recent implementation of more onerous compliance processes has lead to both operational and planning issues for this activity. For example, the use of high-precision GPS tools to mark harvest boundaries based on less precise FRI map data has created a preponderance of G.I.S. "slivers" (a small piece of mapped unharvested timber along the periphery of a stand) that causes both forest inventory and forest compliance issues. Forest boundary markers are reluctant to adjust boundaries beyond what is detailed in the GIS shape file for fear of generating compliance issues. The on-the-ground results often take the form of small slivers of standing merchantable timber between two harvest areas or wider than prescribed riparian reserves. The sunset date for the line marking procedure was April 1, 2006 and therefore is slated for review.

BEST PRACTICE:

Both the FMPM and the Scaling Manual allow planning teams to define acceptable practices within a Forest Management Plan. A number of approved FMPs clearly detail how on-the-ground boundary marking issues will be operationally considered. These considerations acknowledge the inherent level of accuracy of the forest resource

inventory and describe how operations will be modified to account for on-site realities in order to meet the intent of the planned operation. For example if the intent was to allow harvesting up to an existing adjacent plantation or to the edge of the productive forest in a lowland black spruce area then the harvest boundary lines would be marked appropriately, rather than where the GPS determined the boundary was located. Other examples may include the accommodations for private land boundaries. This type of well-considered accommodation written into a FMP allows forest operations to proceed without delays and minimizes operational conflict.

RECOMMENDATION #35:

Ensure that the Process Streamlining Test is applied during the review of the recently-expired line marking procedure and that the field forest program staff are included in the production of the updated document.

Timelines:

This best practice can be implemented immediately with the amendment of an existing FMP.

Legal Framework:

There are no legal impediments to implementing this best practice in a Forest Management Plan.

Benefits:

The benefits to this best practice include fewer delays to forest operations, reduced likelihood of compliance issues, reduced sliver management activities for GIS and opportunities to increase on-site utilization of harvest volume.

4.3.6 Slash Pile Burning

Background:

Slash pile burning has evolved into the preferred method for managing road-side slash on recent harvested areas. The intent of slash pile burning includes maximizing productive forest area, reducing future fire hazard and reducing the aesthetic impact of logging operations. Independent forest audit teams recognize effective road-side slash management programs, often as best practices. A significant recent interest in unutilized forest biomass, as an energy source to offset high energy prices, may provide a preferred management alternative in the near future since road-side slash represents a cheap, accessible source. Expressed interest identified to the Forest Sector Competitiveness Secretariat seeks access to a potentially significant volume of biomass, such as road-side slash. However, in the immediate future, slash pile burning will continue to be a first choice option.

The planning and operational requirements have increased substantially over the past ten years, causing this activity to become one of the most expensive silvicultural treatments with high planning and operational unit costs for every hectare of area treated. Based on the input from the field programs, it appears that there are opportunities to streamline the requirements for slash pile burning to ensure that this important silvicultural treatment can be carried out more cost-effectively. In the past, a joint MNR/OLMA/OFA Fire Solutions Forum was formed to address fire and forest program issues at a strategic level. However, the Forum has not been utilized and has recently been allowed to become inactive.

RECOMMENDATION #36:

That the Fire Solutions Forum be reactivated to address issues between the Fire and Forest Programs in Ontario. An updated mandate and Terms of Reference for this committee is to be completed and include the application of the Process Streamlining Test (PST) on all fire-related policies that impact forest industry costs.

Timelines:

This recommendation can be implemented immediately.

Legal Framework:

There are no legal impediments to implementing this recommendation.

Benefits:

The benefits to this best practice include fewer delays to forest operations, reduced likelihood of compliance issues and a reduction in the process requirements to carry out forest management activities while addressing fire program requirements.

4.3.7 Non-Timber Values

Background:

Much of what is accomplished in realizing benefits from Crown forests is done through forest management. Access and manipulation of the Crown forest through forest management activities yields not only timber for mills, but also hunting and fishing opportunities, ATV and snowmobile trail opportunities, and road-based and semi-remote recreation opportunities, as some examples. In addition, the modification of access and forest management activities also yields additional values related to fish and wildlife, ecological integrity, hiking trails and canoe routes, remote tourism and related recreational, cultural and social values.

These values are legitimate and even necessary benefits to be realized from Crown forests. An alternative/additional mechanism to ensure they remain funded must be found. Since these non-timber values are supported by the public and by the various

user sectors, it is reasonable that some combination of these non-timber values must begin to absorb these costs.

Largely, the cost burden associated with access and forest management activities, or the modification of them, has been borne by the forest industry. Many of these costs are not required for the acquisition of timber, but are required for the range of non-timber values. The forest industry believes that it should not continue to shoulder so much of the burden to deliver these values, and indeed, cannot financially afford to do so. Similarly, the Province cannot afford to lose the forest industry as forest managers because so many of the values realized from the forest are dependent on the access and forest management activities undertaken by that very same industry.

RECOMMENDATION #37:

That the MNR determine the costs of providing for non-timber values and determine a fair and equitable distribution of those costs among all Crown forest beneficiaries.

Timelines:

Should be initiated immediately.

Legal Framework:

No changes required but may require a financial commitment by the Province.

Benefits:

A more equitable distribution of costs associated with non-timber values.

4.4 Crown Revenues

The Crown Forest Sustainability Act (CFSA) has provisions for the establishment of Crown charges in respect to forest resources harvested. The CFSA also requires that harvested forest resources be measured by a licensed scaler at the place of harvesting, or that a person obtain approval to move unscaled wood to an approved alternate location where it will be scaled.

The Scaling Manual (one of four regulated manuals) provides direction for the measurement of all timber harvested from Crown land. In concert with other provisions, it provides some of the means through which Ontario assures the appropriate collection of all revenues from the disposition of Crown timber.

4.4.1 Wood Measurement

Background:

MNR and the forest industry need to decide what role(s) they want the Timber Resource Evaluation System to serve. Its purpose and design is to track Crown timber harvested in such a way as to assure that the Crown has received the revenue due the public accounts. As a function of this primary purpose, the data collected for TREES also provides valuable information on species types, volumes, cull and undersize factors, and prices for Management Units and licenses across the province. Much use has been made of TREES beyond its initial intended purpose. If there are continuing information needs of the type currently provided from TREES, then TREES should be evaluated to determine if it is the right mechanism to provide it or if another system should be considered.

The linkages that form the due diligence chain from stump to paid Crown charges are: **Forest Management Plan → Annual Work Schedule → Forest Resource License → Approval to Commence Operations → Authority to Haul → Bill of Lading → Mass Scale Slip or Scale Tally.**

These documents form a complete auditable paper trail and are all represented in TREES. The Crown is responsible to the People of Ontario to ensure that it maintains control of the harvest of Crown forest resources and the collection of revenue for it. Any change(s) to TREES must respect these requirements or replace their function so that the auditable due diligence chain maintains its integrity.

There appears to be evidence that the systems or components of it require unacceptable time frames for processing. Inefficient processing should be investigated to determine where the bottle necks are truly occurring so improvements can be made.

RECOMMENDATION #38:

- That the Timber Resource Evaluation System (TREES) be updated – it is not meeting the needs of all parties. TREES should be evaluated to determine if it is the right mechanism to provide the broad range of information and services it is now used for. What changes are necessary to TREES to better provide those services, or should another system be considered?
- TREES and any related systems must provide good and timely information to make industry competitive and ensure public interest is maintained.
- Examine Bills of Lading – process needs to be modernized and use up-to-date technologies such as swipe cards.

Timelines:

This is not a short-term project. A strategic decision will be required to determine what information is required and how it will be sourced. TREES can then be evaluated for its ability to deliver on those requirements, the extent of effort and resources necessary to effect such changes, or what alternatives should be considered.

Timeline limitations on modernizing the Bills of Lading component will be determined by the rate at which industry can afford the cost and implement the changes.

Legal Framework:

May require changes to the Scaling manual.

Benefits:

The evaluation will confirm TREES Crown revenue due diligence role and determine if it is both appropriate and capable of delivering on other needs. If the system needs modification, that can be pursued. However, if it is not the right vehicle, an alternative can be pursued and TREES can continue to serve its design function.

Evaluation can also be used as an opportunity to improve the quality and timeliness of the information available from TREES.

The technology to modernize Bills of Lading exists and the current MNR wood measurement systems can integrate with them. It is only a matter of the industry choosing to make the investment in those systems.

4.5 Independent Forest Audits/Certification

There are substantial issues for both District MNR and forest industry regarding the scope, cost, timing and approvals of independent forest audits. All parties believe there is significant potential for reducing paper, staff time and costs while at the same time generating better and more timely value from independent audits. They also believe there is a missed opportunity for reduced duplication with forest certification audits recognizing the government's need for due diligence and independence in light of the business relationship that accrues from the third party audits.

4.5.1 Independent Forest Audit/Certification

Background:

Dollars and staff time are the primary cost considerations associated with sharing information in paper form (photocopying and copying of FMPs and maps). The question was raised that if financial auditors don't require reams of copied information prior to conducting their audits, then why has it been decided that IFA auditors need all this upfront, pre-audit information? Electronic sharing is reasonable and feasible where it is

absolutely essential to do so and should be used but, carries with it a requirement for standardized formats.

Also, additional cost factors arise for Management Units with smaller allowable harvests where costs must be distributed over much smaller volumes.

The timing of independent forest audits should be adjusted to allow auditors to look at an entire FMP period (or in the case of new 10 year FMPs, each five year sub-period) Audits are a large workload and should be scheduled so that staff get a breather between completion of an FMP and the start of an audit. The two-plus year time frame from audit onset to final approval for audits and associated action plans is too long and must be streamlined.

Audit protocols are far too detailed and auditors are forced to complete the entire protocol often resulting in poor use of auditors time and a lack of focus on problem areas. Audits need to be focused on compliance of the industry/SFL holder and the District MNR and not attempt to assess and evaluate Regional or Divisional level program elements and delivery of the Forest Program. Far too often independent forest auditors delve into areas that are beyond the scope and authority of the District and industry/SFL holder. This results in Districts and industry/SFL holders being charged with developing action plans that often have significant components aimed at non-District, non-SFL driven items (e.g., guides, regional practices).

Lastly, concerns have been expressed about auditors. There is concern that auditors too often seem unfamiliar with local practices. There is concern with the "flavour of the month" syndrome where individual auditors pursue areas of personal interest or expertise that is irrelevant or beyond levels necessary to ensure compliance. It has resulted in inconsistent results from audit to audit and unnecessary workload in audit follow-up action plans. The generalized issue is one of who is directing and checking the auditors' performance so that audits focus on required compliance and remain value added exercises for the auditees as well as the clients.

RECOMMENDATION #39:

That the Forest Evaluation and Standards Section be directed to apply the Process Streamlining Test (PST) to the Independent Forest Audit (IFA) protocol during the 2006 summer's review. Key elements to consider:

- Focus the protocol and the auditors on SFL/MNR District (auditee) level compliance with requirements which include:
 - Compliance of MNR District(s) and the industry/SFL holder with the Forest Management Planning Manual;
 - Compliance of the license holder with the terms and conditions of their Sustainable Forest License;
 - Compliance of the MNR District(s) and the industry/SFL holder with the balance of the regulatory framework;

- Compliance of the MNR District(s) and the industry/SFL holder with the Forest Management Plan and assessment of its implementation.
- Allow IFA to recognize components covered by third party certification to reduce the work and cost of the audit;
- Provide the flexibility to auditors to tailor their audits using a risk management based approach vis-à-vis assessing the likelihood of a non-compliance, the severity of non-compliance, the potential for mitigation of a non-compliance, and the cost of mitigation of non-compliance;
- Assess and evaluate the audit process to reduce the workload it imposes on the Districts and Sustainable Forest License holders and as a minimum create no new work;
- Eliminate as much paper copying in favour of electronic copies of documents and maps and adopt standards for this exchange;
- Add flexibility to the timing of audits to minimize overlapping with FMP planning (IFA in year following 5 year plan term);
- Reduce audit requirements for 2nd five year term of a 10 year plan;
- Develop and institute a quality control program for auditors; and
- Allow flex timing of audits in relation to workload and point in planning cycle (i.e. not a set target of every 5 years).

Timelines:

Implementation can begin as early as the summer of 2006, and the cost of the review should have been accounted for in the 2006-07 Forest Division budget. Possible changes to CFSA.

Legal Framework:

Will likely require changes to Regulation 160/04.

Benefits:

Primary benefits will be from reduced audit effort (more focused protocol, more value driven audit, less paper and copying, and better timing re other workloads) and decreased costs (less staff time, less copying, and less duplication). Both MNR and the Industry will reap these gains.

A more focused audit and protocol, more auditor freedom in determining distribution of audit effort, and quality control of auditors will result in higher value audits.

4.5.2 Forest Certification

Background:

Industry/SFL holders who have identified a market advantage to certification have pursued certification on their own initiative. As a result, a significant portion of Ontario's Crown Forest are already certified.

Independent third party certification to a sustainable forest management standard represents a significant investment of time and money. This is particularly onerous for smaller SFLs which do not have large volumes over which costs can be distributed.

It is anticipated that there may be significant restructuring of SFLs in Ontario within the next few years as a result of mill closures, amalgamations, and new shareholder SFL arrangements. In many cases, it is advisable to delay certification efforts until such new arrangements have been completed.

Given the stressors currently facing the forest industry, this recommendation relieves some of the immediate potential cost pressure with no appreciable affect on any regulatory framework nor on sustainability, by having the MNR choosing to delay a decision to mandatory certification. It also allows market forces to drive forest certification forward at a pace appropriate to each company's need.

RECOMMENDATION #40:

That the requirement for industry/SFL holders to achieve forest certification, being considered by the MNR, be extended to 2010.

Timelines:

Can be implemented immediately.

Legal Framework:

No change in current framework is required, but endorsement by the Minister of Natural Resources is needed.

Benefits:

Focuses certification on a market based approach and allows current initiatives (amalgamations, shareholder SFLs, etc.) to conclude so that certification efforts are done on future based forests. Retains the Ministry's intention to require certification of all Ontario SFL holders, but accomplishes it in a more cost sensitive time frame.

4.6 Training

Background:

Significant effort has been put towards developing training programs for staff engaged in various aspects of forest management planning and forest operations.

Forest management planning staff are offered opportunities to participate in training modules prior to, or at, the commencement of a new Forest Management Plan. Forest field staff are required to undertake specific certification training for scaling, tree marking and forest compliance. Re-certification is generally required every three years.

RECOMMENDATION #41:

That the re-certification for field staff be extended to every five years, provided staff maintain their competencies by attaining a minimum level of field work.

Timelines:

Can be implemented immediately.

Legal Framework:

Will require a policy change.

Benefits:

- Reduced cost to the industry and MNR;
- Reduced time allocated to training with more emphasis on maintaining competencies through field work.

4.7 Other

4.7.1 e-Business

Background:

The Forest Program has been moving towards an eBusiness model with several notable examples such as annual Management Unit reporting through the Forest Information Portal, the Forest Operations Inspection Program and certain scaling activities. However, there are still a significant number of paper documents associated with forest management planning, scaling (e.g. Bills of Lading) and other forest program business practices. Converting more business practices to eBusiness will provide savings for both the forest industry and for MNR and will make it easier to share documents such as Forest Management Plans with the public.

RECOMMENDATION #42:

That the MNR review all forest program business practices where information is exchanged with the forest industry and paper documents are still utilized. In addition, MNR should determine the most efficient means of conducting as much of that business electronically and introduce those eBusiness practices as soon as is practical.

Timelines:

Depending on the practice, some paper documents could be replaced by electronic documents almost immediately (e.g. Forest Management Plans, Annual Work Schedules) while other practices may take longer to introduce.

Legal Framework:

Some of these changes may require changes to the legal framework while others may be implemented within the existing legal framework. This aspect should be considered for each business practice considered for conversion to eBusiness and may affect the timelines for implementation.

4.7.2 Tree Improvement Program for Ontario

Background:

Tree Improvement is an aspect of the forest management program that tends to "fly under the radar" of most forest managers in Ontario. This reality is based on the nature of the activity which is complex, inter-woven with science and research and purports a long-term strategic benefit that is poorly defined and communicated. Originally the entire cost of the tree improvement program was borne by the MNR however with the development of the "New Business Relationship" the operational direction of much of the program and the majority of the cost has been transferred to those industry partners who were prepared to support the program. Since that time the transfer of much of the strategic direction and associated cost for tree improvement has crept to the participating forest industry partners. With the current economic situation, almost all industry members have suspended their funding of the second-generation tree improvement program with some questioning the value of their company's financial investment altogether. The limited dollars that is being spent on tree improvement is focus on the first generation program which has been operational for a number of years. An examination of tree-improvement programs in other jurisdictions throughout North America has shown that their success is determined by the level of government involvement.

Tree improvement activities service not only the current interests of forest industry partners but also addresses important future regional and provincial strategic wood supply objectives. These current and future benefits are only being marginally

addressed under the existing program structure and therefore an evaluation of the provincial tree improvement program is needed.

RECOMMENDATION #43:

- That the MNR, with participation from industry partners, clearly define the methodology for determining the benefits of a tree improvement program investment in Ontario.
- That the MNR, with participation from industry partners, clearly define the operational and strategic aspects of the Provincial Tree Improvement program.
- That a clear apportioning of the funding responsibility of strategic activities to MNR and operational activities to Industry partners needs to occur.

Timelines:

The recommendations can be initiated immediately.

Legal Framework:

There are no legal impediments to implementing this recommendation; however, there is a financial cost.

Benefits:

The benefits to these recommendations include a clear apportioning of responsibility of the Tree Improvement program to the government and industry partners as well as a defined cost and benefit to industry in a tree improvement investment. As well, the repatriation of the strategic aspects of the program by MNR will ensure that these important forest management activities are maintained and will support current and future harvest levels in Ontario.

5.0 APPENDIX 1 - TERMS OF REFERENCE

BACKGROUND

On November 24, 2004 the Minister of Natural Resources announced the establishment of a Minister's Council on Forest Sector Competitiveness to provide advice on creating a more secure future for the forest products industry, workers and communities.

The Council's report was submitted to the Minister in May 2005 and contained 26 recommendations including "that a Processing Streamlining Task Force be appointed to review guidelines, regulations and policies affecting the forest sector".

PURPOSE

The Council's report identified the need to remove barriers to efficiency and avoid unnecessary business costs due to administrative red tape and delays in approval process.

The report goes on further to state that the forest sector is looking for the following:

- Faster timelines for decision-making related to approvals
- Greater consistency in application of the rules
- Greater efficiency in the regulatory process

This task will therefore review and make recommendations for improvements related to areas of unnecessary delays and impediments.

APPROACH

- Joint MNR/Industry meetings to be held in each district to generate ideas for improvements;
- Results of individual district meetings submitted to Task Force;
- Task Force to review and consolidate district submissions into one report identifying best practices, streamlining opportunities and areas where further regulatory changes may be required;
- Any recommended regulatory changes to be reviewed by Legal Services Branch.

TIMELINES

District meetings completed and results submitted to Task Force by January 31, 2006.

Task Force Final Report submitted to Steering Committee by February 28, 2006.

MEMBERSHIP

Executive Sponsors

Bill Thornton, ADM Forests Division
George Ross, ADM Field Services Division

Steering Committee

Charlie Lauer, Regional Director NW Region (Chair)
Rob Galloway, Regional Director NE Region
Ray Bonenberg, Regional Director SO Region
Rich Greenwood, Director Forest Management Branch
Mark Speers, A/Director Industry Relations Branch
Paul Jewiss, Abitibi
Brian Nicks, Domtar

Task Force

Ed Tear, MNR District Manager, Cochrane (Project Lead)
Matt Benson, MNR Area Supervisor, Dryden
Ron Reffle, MNR Area Supervisor, Sault Ste Marie
Andy Heerschap, MNR A/District Manager, Parry Sound
Dave McGowan, MNR Timber Pricing Specialist, Forests Division Sault Ste. Marie
Richard Raper, MNR Provincial FMP Specialist, Forests Division Sault Ste. Marie
Carl Corbett, General Manager, Algonquin Forestry Authority
Paul Fantin, Management Forester, Timiskaming Forest Alliance Inc
Geoff Meakin, President, Meakin Forest Enterprises, Sault Ste. Marie
John McLaren, Woodlands Manager, Buchanan Forest Products, Sioux Lookout
Murray Ferguson, Forest Resource Manager, Weyerhaeuser, Dryden
Tracey Hall, MNR A/Support Services Clerk, Cochrane

6.0 APPENDIX 2 – WORKING PRINCIPLES

Foster Strong Working Relationships

An emerging trend is the improved communications between the forest industry (usually through the Sustainable Forest Licensee) and MNR District staff. It is generally accepted that improved communications and regular interaction is leading to reduced conflict, reduced costs and better forest management strategies. We are in this together, and we do represent **Team Ontario**.

Recognize Professionalism of Our Staff

Generally MNR and the forest industry are mission-driven and value their people who are at the heart and foundation of public and private sector service. Our employees are highly trained and many hold credentials (certification and professional licenses). As outlined in the Ontario Public Service Framework for Action, "Innovation is recognized as a key to a high-performing organization. But new ideas bring a risk of failure, and there is a low tolerance for failure, especially expensive ones. We must constantly balance innovation and risk..." If we are to undertake any change that will make the forest sector more competitive and the public service more effective and affordable, we must become more risk-tolerant, results-oriented, and we must recognize and accept professional accountability.

Embrace Risk Tolerance

The focus here needs to be on risk tolerance within a risk management framework. It appears that the risk management strategy, as interpreted by the MNR field organization, is that no risk is acceptable; therefore, we bury ourselves in process and rules to minimize all risk to a negligible level.

The government has set the framework within which risk tolerance is practised (through the Crown Forest Sustainability Act and MNR's strategic direction – Our Sustainable Future) and risk management programs are developed in support of the chosen level of tolerance. The Forest Management Planning Manual and EA Declaration Order come closest to expressing our risk management strategy, which, by default, establishes elements of our level of risk.

Simply put, without risk taken, no progress will be made. Eliminating risk is a recipe for maintaining the status quo.

Focus On Results

MNR and Industry must move away from their preoccupation with process. It appears to have become easier to define process and follow it rather than define results that are

measurable, meaningful and attainable and then assessing performance on those results parameters.

Reward Good Performance

If we are to take a more results based approach to undertaking resource management, recognizing professionalism, embracing risk tolerance and reporting on results, then it only follows that we consider rewarding good performers with a reduction in process requirements. Conversely, the poor performers should be required to follow the more stringent process which will not be as competitive.

Courage to Manage

Forest industry and MNR Managers must have the courage to manage. Unreasonable positions taken by staff or unreasonable decisions made by staff should be overruled by managers.

Continuous Improvement

It is difficult to initiate a process of continuous improvement until there is a commitment by all parties to meet their legal and performance obligations. Only then can we start to effectively address the elimination of unnecessary information or process, duplication of information requirements and the elimination of excess information handling. As outlined in the OPS Framework for Action "New thinking says that as long as there is an enabling framework of policies and guidelines, expectations and accountabilities are clear, and there is a strong risk management regime, flexibility works better."

Absolutely key is the implementation of the enabling framework of policies and guidelines as reflected by the expectations and accountabilities. The CFSA is enabling, the expectations and accountabilities are clear; therefore, the manuals, policies and guidelines are prescriptive and risk management strategy is as noted above.

Use of Technology

MNR and the forest industry must continually strive to use the latest, appropriate, and cost-effective technologies, recognizing that the savings this brings will often require an initial investment. Having said this, we must not allow the technology to become the principal driver for change.

